92-1189

No. ——

Supreme Court, U.S.
FILED
JAN 13 1993
OFFICE OF THE CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1992

COLUMBUS-AMERICA DISCOVERY GROUP, INC.,
Petitioner,

v.

ATLANTIC MUTUAL INSURANCE COMPANY, *et al.*,
Respondents.

Petition for a Writ of Certiorari to the United States Court of Appeals for the Fourth Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

May admiralty courts continue to infer abandonment of long-lost shipwrecks from the passage of many decades, non-use, and all other relevant facts and circumstances, and accordingly award ownership of a shipwreck to those who discover, recover and conserve it under the law of finds; or must courts award title to purported insurers and their successors who claim ownership of a shipwreck under the law of salvage on grounds that abandonment can never be found absent clear and convincing evidence that the purported owners expressly renounced title?

LIST OF PARTIES

The parties to the proceeding below were the petitioner Columbus-America Discovery Group, Inc. and the respondents Atlantic Mutual Insurance Company; Insurance Company of North America; Salvage Association; London Assurance; Alliance Assurance Company, Ltd.; Royal Exchange Assurance; Indemnity Marine Assurance Company, Ltd.; Marine Insurance Company, Ltd.; and the Superintendent of Insurance of the State of New York.

Harry G. John, Jack F. Grimm, and the Trustees of Columbia University in the City of New York were separate appellants in the court below on the sole issue of whether it was appropriate for the district court to grant their motion to intervene on the condition that they proceed immediately to trial. Because that issue is not addressed in this petition, Harry G. John, Jack F. Grimm, and the Trustees of Columbia University of the City of New York are not named as parties herein.

The respondents before this Court include Insurance Company of North America; Salvage Association; London Assurance; Alliance Assurance Company, Ltd.; Royal Exchange Assurance; Indemnity Marine Assurance Company, Ltd.; Marine Insurance Company, Ltd.; and the Superintendent of Insurance of the State of New York.

Pursuant to Supreme Court Rule 29.1, the Court is advised that the petitioner does not have any parent companies or any subsidiaries that are not wholly-owned.

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PETITION FOR A WRIT OF CERTIORARI

OPINIONS BELOW

The opinion of the United States Court of Appeals for the Fourth Circuit, dated August 26, 1992, is reported at 974 F.2d 450 and is reproduced at page 1a of the Appendix to this Petition ("Pet. App."). The opinion of the United States District Court for the Eastern District of Virginia, dated August 14, 1990, is reported at 742 F. Supp. 1327 and is reproduced at Pet. App. 60a. The Order of the United States Court of Appeals for the Fourth Circuit denying rehearing and denying rehearing *in banc*, dated October 15, 1992, is not yet reported and is reproduced at Pet. App. 105a.

JURISDICTION

The judgment of the court of appeals was entered on August 26, 1992. Pet. App. 5a. The court of appeals

denied a timely Petition for Rehearing on October 15, 1992. Pet. App. 110a. This Court has jurisdiction under 28 U.S.C. § 1254(1).

CONSTITUTIONAL PROVISIONS, STATUTES AND RULES INVOLVED

Article III, section 2, clause 1 of the Constitution of the United States provides: "The judicial Power shall extend . . . to all Cases of admiralty and maritime Jurisdiction. . . ."

STATEMENT OF THE CASE

This is an admiralty action brought to adjudicate rights in a celebrated sunken treasure. Petitioner Columbus-America Discovery Group ("Columbus-America") discovered the gold-laden shipwreck 130 years after it sank to the bottom of the Atlantic Ocean in a famous maritime disaster. The district court awarded petitioner legal right to the abandoned treasure as its finder. The court of appeals reversed, however, recognizing claims asserted by numerous insurance companies that allegedly had insured the lost gold, but had taken no steps in the intervening century to retrieve it. Over a strong dissent, the court of appeals held that Columbus-America was not entitled to ownership of the gold it retrieved from the sea, but must seek compensation under the law of salvage. The full court of appeals split 7 to 5 in denying rehearing *in banc*, with one of the two judges in the original panel majority voting for *in banc* consideration of the significant issues involved.

This is the case of the famous shipwreck S.S. CENTRAL AMERICA. *See generally* Pet. App. 61a-63a; Pet. App. 7a-11a; Noonan, *The Greatest Treasure Ever Found*, Life, Mar. 1992, at 32. The wooden-hulled, three-masted, luxury sidewheel steamer began its fateful voyage on September 3, 1857. The ship carried approximately 600 passengers from California and several tons of gold coins, bars, and dust produced during the gold rush and its entrepre-

neurial aftermath. In those days, prior to the completion of the intercontinental railroad, swiftest passage from the west coast to the east was by steamer from San Francisco to Panama, by rail across the isthmus, then on from the port of Aspinwall to New York by way of Havana. The CENTRAL AMERICA plied the last leg of this route, and is said to have carried one third of all the gold shipped during her era from California to the east.[1]

The CENTRAL AMERICA's passenger manifest listed numerous notables, prospectors, and speculators, many of whom had found their fortunes in the gold fields. Others, including California Judge Alonzo Castle Monson, who had lost his house and all his money in a memorable poker game, were less fortunate. All aboard were headed into history. Soon after leaving Havana, the ship sailed straight into the teeth of a tropical hurricane. The commander, crew, and passengers fought heroically for three days and nights, finally bailing water for thirty hours without rest. Despite their efforts, the ship went down on the night of September 12 in 8,000 feet of water, some 180 miles east of Charleston, South Carolina, where the Gulf Stream meets the Sargasso Sea.

Passing ships rescued 150 of the passengers, but more than 400 persons perished in the sinking. Reports of the tragedy contain vivid accounts of miners flinging down hard-won sacks of gold in despair on realizing their imminent doom. Virtually all of the gold aboard was lost. The value of the gold on board—including both commercial shipments and the gold belonging to individual passengers—was estimated in 1857 to be in excess of $2 million. This included commercial shipments from bankers,

[1] Even before her epic sinking, the CENTRAL AMERICA had become notable in American history, transporting the first treaty between the United States and Japan, signed by Commodore Matthew Perry, and sailing under the command of William Lewis Herndon, whose exploration of the Amazon inspired Mark Twain and whose heroism during the sinking at issue here led the U.S. Naval Academy to erect the Herndon Monument in Annapolis.

merchants, and express companies, including Levi Straus and Wells Fargo. So great was the magnitude of the loss that some historians have recognized the event as a contributing cause of the Panic of 1857. The court of appeals estimated the current value of the treasure to be as much as $1 billion. Pet. App. 6a.

The CENTRAL AMERICA remained a lost legend until six generations later, when it captured the imaginations of three friends from Columbus, Ohio. They formed Columbus-America Discovery Group, a team of engineers, historians, entrepreneurs, and scientists, to pursue their dream of finding, recovering, and restoring the shipwreck. The thirteen-year effort culminated in risky and extensive at-sea search operations, aided by innovative techniques employing probability analysis, search theory, side-scanning sonar, image processing, and robotics. *See* Pet. App. 111a (a sonar image of the type employed in the search). Columbus-America adapted and enhanced many of these technological innovations specifically for the project.[2] After a lengthy search, including initial recovery operations at a wreck first thought to be the CENTRAL AMERICA but later determined to be another ship, the years of effort paid off.

In 1987, Columbus-America commenced an admiralty action *in rem* in the United States District Court for the Eastern District of Virginia, seeking confirmation of title to the shipwreck. The district court asserted jurisdiction under 28 U.S.C. § 1333, the general grant of admiralty jurisdiction to the federal district courts. Pet. App. 73a. During the next two years, Columbus-America con-

[2] The pioneering maritime search methods developed and used in the search for the CENTRAL AMERICA, as well as their significance for the future of maritime search and recovery, are discussed and diagrammed in a recent article published by the journal of the Institute of Management Sciences. *See* Stone, *Search for the* S.S. Central America*: Mathematical Treasure Hunting*, 22 Interfaces 32 (1992).

tinued its search and recovery operations, while at the same time fending off litigation from rival search groups. The district court issued injunctions protecting Columbus-America's search as it progressed and prohibiting interference with Columbus-America's recovery efforts. Pet. App. 68a.

Using their advanced deep-sea robot (named *Nemo*), Columbus-America began recovering and preserving artifacts from the ocean floor. *See* Pet. App. 64a, 111a. Since then, Columbus-America has not only recovered gold, *see* Pet. App. 112a, but also has devoted substantial resources to promoting the scientific, historic, and educational value of the shipwreck, producing two interactive laser video disc educational packages for secondary schools, publishing a book, and creating a museum exhibit and other materials of interest both to the general public and the scientific community. Columbus-America has also supported an international adjunct science and education program, researching such diverse areas as deep-sea site degradation mechanics and food chain processes and discovering eleven new species of marine life.[3]

Following Columbus-America's public announcement of substantial gold recoveries in September 1989, however, thirty-nine claimants purporting to be insurers or their successors in interest appeared. Pet. App. 69a. The companies filed pleadings asserting that they were the owners of the gold in the commercial shipments aboard the CENTRAL AMERICA by virtue of insurance claims they alleged to have paid upon its loss, and demanded possession of the treasure Columbus-America had found and recovered. *Id.* After extensive discovery, the district court scheduled a trial for April 1990. With the consent of the parties, the trial was bifurcated. Pet. App. 72a.

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[3] Columbus-America's efforts to find, recover and conserve scientific and historical data associated with the project were found to be exemplary. *Columbus-America v. The Unidentified, Wrecked and Abandoned Sailing Vessel*, 1989 A.M.C. 1955, 1958 (E.D. Va. 1989).

The initial determination to be made by the district court was whether the facts showed that the CENTRAL AMERICA was abandoned. If the wreck was abandoned, Columbus-America would be entitled to sole possession under the law of finds. If not, the insurance companies would be entitled to assert ownership under the law of salvage, with Columbus-America being relegated to compensation as a salvor. *Id.*

The district court heard the testimony of numerous witnesses and examined hundreds of exhibits. After considering further briefs and oral arguments in July 1990, the district court rejected the claims of the insurance companies on August 14, 1990. Pet. App. 60a. Relying upon a long line of authority, the district court held that whether a wreck has been abandoned is a question of fact. Abandonment is a "question of intent, which may be inferred from all of the relevant facts and circumstances." Pet. App. 75a. The district court noted that modern decisions have "rejected the salvage law theory that title to property can never be lost. They have instead applied the law of finds under the doctrine of *animus revertendi* (the owner has no intention of returning)." Pet. App. 76a. While lapse of time and non-use "are not sufficient, in and of themselves, to constitute abandonment, under certain circumstances, they may give rise to an implication of intention to abandon." Pet. App. 78a (citing cases).

Applying the law to the facts before it, the district court found that Columbus-America had established "by clear and convincing evidence that each of the insurance companies long ago abandoned any claim, right, title or interest that they may have had in the gold aboard the CENTRAL AMERICA." Pet. App. 102a. The insurers had relied upon old newspaper accounts to establish the general proposition that they had paid claims upon the lost gold. The court noted that "[w]ithout the newspaper accounts, the evidence is totally insufficient to establish

any claim of the insurance companies." Pet. App. 89a. The court further found that to "say there are numerous conflicts in the newspaper accounts and reports is conservative." Pet. App. 90a.

On the question of abandonment, the court found that the insurers' actions since the sinking "speak clearly." Pet. App. 96a. Since 1858, no insurer had taken any steps to recover the wreck.[4] None took any action during the twenty years prior to Columbus-America's discovery, notwithstanding the advent of modern recovery technology. Pet. App. 97a. No insurer stepped forward even during Columbus-America's search and the surrounding litigation despite knowledge of the suit—until Columbus-America brought gold ashore. Pet. App. 98a. Most significantly, the evidence showed that the insurance companies destroyed virtually all documents they might have had relating to CENTRAL AMERICA claims, despite the insurers' own testimony that a company intending to assert its right of subrogation will keep such documents, and despite the fact that other documents were retained for more than 100 years. Pet. App. 95a-99a.

In short, the district court rejected the position of the insurance companies—that no abandonment could be found because "they never signed any document so stating, never made any public announcement of abandonment and have always claimed to own the gold." Pet. App. 97a. "A clear intention of abandonment is given when all records or memorandum of the property are deliberately destroyed and no effort is made or undertaken to locate or recover the property for over a hundred

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[4] Atlantic Mutual Insurance Company and Sun Mutual Insurance Company signed a contract in 1858 with Brutus de Villeroi for an attempted salvage. Villeroi was to undertake the salvage by inventing a submarine boat at his own expense. Nothing ever came of this venture, and since that time the "record is totally void of any effort or activity on the part of any of the insurance companies to attempt to locate or recover the Central America." Pet. App. 94a.

years." Pet. App. 102a. Accordingly, the district court applied the law of finds, and awarded title to Columbus-America as the finder of the CENTRAL AMERICA. *Id.*

A sharply divided Fourth Circuit panel reversed. The court of appeals rejected the line of authority applying the law of finds to long-lost wrecks, holding that these precedents are applicable only where no purported previous owner appears. Pet. App. 21a. Where any party purporting to claim ownership is identified, the court of appeals held, abandonment cannot be found unless the finder proves by "clear and convincing evidence" that the owner made an "express" abandonment. Pet. App. 20a, 27a. The only showing that the court of appeals said would satisfy its strict test was "an owner's express declaration abandoning title." Pet. App. 27a. Applying its test, the court of appeals proceeded to dismiss the district court's evaluation of the witnesses and evidence. Pet. App. 29a-34a. Since there was obviously no showing that the insurance companies had signed a formal document or made a public announcement disclaiming the gold, the court of appeals remanded for application of the law of salvage and a determination of what share of the treasure each insurer should receive.[5] In short, the Fourth Circuit held that (apart from the unrealistic scenario of an express renunciation of treasure) there simply can be no finding of abandonment when a purported owner appears. Pet. App. 21a ("By contrast, parties who intend to assert a claim of ownership may be

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[5] The court of appeals recognized that the insurance companies could assert rights only to the commercial shipments of gold. Accordingly, Columbus-America was entitled (in theory) to claim all the passenger gold, which "almost surprisingly," no descendant had attempted to claim. Pet. App. 28a. To claim this gold, however, the Fourth Circuit would require Columbus-America to prove—despite the lack of documentation and the 130 years the gold had spent beneath the ocean—that each piece of gold found was more likely than not passenger gold, or to assert rights as a finder to any surplus of gold over and above the value of the commercial shipment. *Id.*

identified. In such a case the law of salvage is applied.").[6]

Judge Widener dissented, criticizing the majority for "its principal holding that the district court's factual finding of abandonment was clearly erroneous; in applying the law of salvage to a long-lost wreck; [and] in making factual findings as an appellate court." Pet. App. 41a-42a. Judge Widener canvassed the law governing abandonment to demonstrate that the majority's new requirement of express abandonment "cannot be reconciled" with the long line of maritime and common law authority establishing that abandonment may be inferred from all the surrounding facts and circumstances. Pet. App. 42a-52a. The dissent also pointed out that the majority's refusal to allow the application of the law of finds to long-lost wrecks "breaks with the law of every other circuit that has decided the question." Pet. App. 54a. Judge Widener also observed that the majority opinion improperly substituted its own judgment for that of the district court, violating this Court's proscription of appellate fact-finding in *Anderson v. Bessemer City*, 470 U.S. 564 (1985). Pet. App. 40a.[7]

The court of appeals split 7-5 in denying rehearing and rehearing *in banc*, with Judge Wilkinson not participating. Judge Hall, who had joined Judge Russell's majority opinion on the panel, voted against panel rehearing, but voted for consideration of the case by the full court *in banc*. Pet. App. 110a.

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[6] The court of appeals also held that the district court had placed improper conditions upon the intervention of three parties who appeared in the case on the eve of trial, claiming they had furnished information that assisted in Columbus-America's search. Pet. App. 78a-79a. That ruling is not in issue here.

[7] Ironically, the Fourth Circuit panel in this case was the same panel that decided *Bessemer City* in the court of appeals. *See Anderson v. Bessemer City*, 717 F.2d 149, 150 (4th Cir. 1983).

REASONS FOR GRANTING THE WRIT

The Court's attention is warranted to address the significant legal and practical consequences of the opinion below. By limiting the concept of abandonment to cases of express renunciation of title or the failure of any purported owner to appear, thereby foreclosing application of the law of finds, the opinion below conflicts with the opinions of courts of appeals, district courts, and state supreme courts. The court of appeals' rule invites stale claims upon every maritime recovery of a valuable long-lost wreck. Given the extraordinary amount of attention this case has received from the public and the admiralty bar, the Court's action here is certain to have critical effects on the emerging industry of high technology maritime recovery. The disposition of this case also has important implications for state and federal management of historic shipwrecks under statutes governing "abandoned" maritime property. This case is an appropriate vehicle for resolution of a nationally important maritime issue.

I. THE COURT SHOULD RESOLVE A CONFLICT AMONG THE CIRCUITS AND THE STATES OVER THE TEST FOR DETERMINING WHETHER LONG-LOST MARITIME PROPERTY IS ABANDONED AND THEREFORE SUBJECT TO THE LAW OF FINDS

This case calls upon the Court to address the standard for finding "abandonment" of long-lost sunken vessels. Resolution of the case must therefore also determine the circumstances in which title to long-lost sunken shipwrecks will be governed by the law of finds as opposed to the law of salvage.[8] The opinion below breaks with the

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[8] This Court has adverted to the application of finds law to a shipwreck, but has not had occasion directly to address the issue. *See Florida Department of State v. Treasure Salvors, Inc.*, 458 U.S. 670, 677 & n.8 (1982) (Opinion of Stevens, J.) (discussing district court's application of *animus revertendi* doctrine and consequent vesting of ownership in sunken vessel's finder).

law of other courts, both by precluding a finding of abandonment except upon an express renunciation of title and by foreclosing the application of the law of finds.

A. Federal Circuits, District Courts, and State Supreme Courts Infer Abandonment as a Fact From All Relevant Circumstances, and Apply the Law of Finds to Long-Lost Wrecks

This case presents a choice between two contrasting approaches to ownership of property lost at sea. Salvage law, on the one hand, presumes that even where the original owner of a vessel has no hope of recovery or return, title remains in the owner. A salvor who recovers the property does not become its owner, but is entitled to monetary compensation in the form of a salvage award. *See* Pet. App. 17a (citing 3A M. Norris, *Benedict on Admiralty: The Law of Salvage* § 158, at 11-15 (1992)). Under the law of finds, in contrast, a sunken vessel whose owner has no hope or intention of returning may be considered abandoned or derelict, and the party who finds it acquires ownership of the property itself. *See, e.g.*, *Treasure Salvors, Inc. v. Unidentified Wrecked and Abandoned Sailing Vessel*, 569 F.2d 330, 337 (5th Cir. 1978); T. Schoenbaum, *Admiralty and Maritime Law* § 15-7 (1987).

Prior to the opinion below, "[m]odern courts . . . have rejected the salvage law theory that title to property can never be lost. They have instead applied the law of finds under the doctrine of 'animus revertendi' (the owner has no intention of returning)." *Chance v. Certain Artifacts Found and Salvaged*, 606 F. Supp. 801, 804 (S.D. Ga. 1984), *aff'd without opinion*, 775 F.2d 302 (11th Cir. 1985). Whether sunken property is abandoned has traditionally been understood to be a question of fact. *E.g.*, *Nunley v. M/V Dauntless Colocotronis*, 863 F.2d 1190, 1198 n.11 (5th Cir. 1989); Pet. App. 41a (citing cases). Under the general maritime and common law, a formal declaration of abandonment is not necessary, and abandon-

ment may be inferred from all of the relevant facts and circumstances and may be determined on the basis of circumstantial evidence. *See, e.g., United States v. Sylvester*, 848 F.2d 520, 525 (5th Cir. 1988); *Hatteras, Inc. v. U.S.S. Hatteras*, 1984 A.M.C. 1094, 1097 n.5 (S.D. Tex. 1981). *See generally* 1 Am. Jur. 2d *Abandoned, Lost and Unclaimed Property* § 40 (1962) ("[I]t is not necessary to prove intention to abandon by express declarations or other direct evidence. . . ."). The general rule is to be distinguished from the requirement of express abandonment that applies to property of the sovereign. *See United States v. Steinmetz*, 973 F.2d 212, 223 (3rd Cir. 1992) ("[A]lthough an inference of abandonment can sometimes be made from non-use of private property, property of the United States can only be abandoned as authorized by Congress."), *petition for cert. filed*, 61 U.S.L.W. 3452 (U.S. Nov. 18, 1992) (No. 92-859).

The failure of the original owner to take any steps to protect its interest in the property over a long period of time is a circumstance that has been given considerable weight in assessing the facts. While they are not proof in themselves of abandonment, the inference of abandonment may arise from lapse of time and non-use of property. *E.g., Chance*, 606 F. Supp. at 804. *See also United States v. Smiley*, 27 F. Cas. 1132, 1134 (C.C.N.D. Cal. 1864) (No. 16,317) (Field, J.) (cargo from sunken sister ship of CENTRAL AMERICA abandoned when "all efforts to recover the property had been given up"); *Wyman v. Hurlburt*, 12 Ohio 81, 87 (1843) (vessel abandoned when "all hope, expectation, and intention to recover property were utterly and entirely relinquished"); Annotation, *Rights in and Ownership of Wrecked or Derelict Vessels and Their Contents Not Cast Upon the Shore*, 63 A.L.R. 2d 1369, 1374 (1959) ("The most significant factor indicating abandonment appears to be the passage of a considerable length of time without effort on the part of the owners to secure repossession of their property.").

Applying these principles in the context presented here, other courts of appeals have applied the law of finds to long-lost shipwrecks. The First Circuit, for example, applied the law of finds instead of salvage law to determine rights in a vessel that sank in 1909:

> As we plunge into the merits of the appeal, we must first acknowledge that there is a generic question as to when the law of finds—the ancient and honorable doctrine of 'finders, keepers'—applies to property retrieved from the ocean floor, and when the law of salvage pertains. Yet, in cases where (1) articles have been *presumptively abandoned, i.e., either* affirmatively renounced, *or* so long lost that time can be presumed to have eroded any realistic claim of original title, and (2) those articles are now in hand, having been actually recovered, the better-reasoned authorities agree that the law of finds may appropriately be utilized.

Martha's Vineyard Scuba Headquarters v. Unidentified, Wrecked and Abandoned Steam Vessel, 833 F.2d 1059, 1064-65 (1st Cir. 1987) (emphasis added) (citing *Chance*, 606 F. Supp. at 804). The Fifth Circuit and the Eleventh Circuit have similarly applied the law of finds to long-lost wrecks. *See Klein v. Unidentified Wrecked and Abandoned Sailing Vessel*, 758 F.2d 1511, 1514 (11th Cir. 1985) ("The common law of finds is the appropriate law to examine to determine the ownership of the shipwreck."); *Treasure Salvors*, 569 F.2d at 337 ("Disposition of a wrecked vessel whose very location has been lost for centuries as though its owner were still in existence stretches a fiction to absurd lengths.").

Other federal courts and state supreme courts have similarly applied the law of finds to long-lost shipwrecks. *See Jupiter Wreck, Inc. v. Unidentified, Wrecked and Abandoned Sailing Vessel*, 691 F. Supp. 1377, 1385 (S.D. Fla. 1988); *Indian River Recovery Co. v. The China*, 645 F. Supp. 141, 144 (D. Del. 1986); *Wiggins v. 1100 Tons, More or Less, of Italian Marble*, 186 F. Supp. 452,

456 (E.D. Va. 1960); *Commonwealth v. Maritime Underwater Surveys, Inc.*, 531 N.E.2d 549, 552 (Mass. 1988); *see also Sub-Sal, Inc. v. The DeBraak*, No. 84-296, 1992 WL 39050, at *1-2, 1992 U.S. DIST. LEXIS 2461, at *7-8 D. Del. 1992) ("Cognizant that the application of salvage law involves a presumption that the owner of an abandoned vessel has not been divested of title, this Court rejects the salvage law theory.").

B. The Opinion Below Creates a Conflict by Limiting Abandonment to Cases of Express Renunciation of Ownership and Foreclosing Application of the Law of Finds

In contrast to these cases stands the court of appeals' opinion. The Fourth Circuit rejects a factual inquiry into all the circumstances that other courts employ to determine abandonment. Despite the fact that the dissent cited over a dozen cases and treatises for the proposition that abandonment is a question of fact, this accepted principle of law is "unmentioned in the majority opinion." Pet. App. 41a. The court of appeals also rejected the principle that abandonment need not be shown by express declaration, but may be inferred from all surrounding facts and circumstances. Instead, abandonment can only be proved under the court of appeals' approach "by clear and convincing evidence . . . such as an owner's express declaration abandoning title." Pet. App. 27a. As the panel dissent put it: "The majority's holding, by necessary implication, must be that abandonment can only be shown by an express statement by the owner indicating his intention to abandon." Pet. App. 43a.

The majority's opinion makes clear that no factual showing of abandonment based on circumstantial evidence can ever be made. The opinion states that finds law should be applied "where the previous owners are found to have abandoned their property." Pet. App. 27a. But this finding can occur in only "two categories" of cases—either where owners have "expressly and publicly aban-

doned their property" or where "no owner appears." Pet. App. 21a. There is no role under the Fourth Circuit's test for an inquiry into factual circumstances under the doctrine of *animus revertendi*. The Fourth Circuit found support for its view in a recent district court case in which an insurance company claimed property under the law of salvage from a 130 year-old Lake Michigan shipwreck. *See Zych v. Unidentified, Wrecked and Abandoned Vessel*, 755 F. Supp. 213 (N.D. Ill. 1991), *vacated and remanded on other grounds*, 960 F.2d 665 (7th Cir.), *cert. denied*, 61 U.S.L.W. 3370 (1992).

Under the Fourth Circuit's test, no abandonment can be found absent an express declaration renouncing title. Since such an express declaration will never occur in the case of valuables, salvage law will govern in the Fourth Circuit in any case where a purported owner appears, whether the successor to a defunct insurance company, an alleged descendant, or a legatee. Pet. App. 21a (where parties who "intend to assert a claim of ownership" appear, salvage law applies). So clear is the outcome under this test that the Fourth Circuit majority observed in reference to the bifurcated trial that "the necessity of having a second phase should have appeared fairly certain to the district court" even before hearing any of the extensive factual evidence of abandonment in this case. Pet. App. 39a.

C. This Is an Appropriate Case in Which to Resolve the Conflict and Provide Guidance on the Law Applicable to the Recovery of Long-Lost Wrecks

This case provides an appropriate vehicle for the Court to provide guidance on the admiralty law applicable to long-lost shipwrecks. The district court's published opinion sets forth clear findings of fact upon a well-developed record. The court of appeals reversed the district court's finding on the basis of a clearly stated rule against abandonment in any case in which an owner appears. While further proceedings in the district court will determine

the appropriate size of a salvage award, no further proceedings can alter the court of appeals' resolution of the legal issue concerning the definition of abandonment and consequent application of the law of salvage.

The court of appeals' attempts to distinguish the several opinions applying the law of finds to long-lost shipwrecks do not diminish the need for the Court's review. The court of appeals dismissed the other circuits' extensive discussions of the law of finds and salvage by observing that in those cases no owners had come forward. Pet. App. 22a. Nothing in the other courts of appeals' opinions, however, indicates that the failure of the owner to appear was dispositive. *See* Pet. App. 48a. And the panel majority conceded that one state supreme court case relied upon by Columbus-America awarded title to a finder against an undisputed original owner, while another endorsed this result, at least in dicta. *See* Pet. App. 24a-26a (discussing *Wyman v. Hurlburt*, 12 Ohio 81 (1843), and *Eads v. Brazelton*, 22 Ark. 499 (1861)). Moreover, it is clear that on the same facts the Fourth Circuit and the other courts will reach different results.

The approach of the First Circuit and other cases treats long-lost wrecks as "presumptively abandoned," *Martha's Vineyard*, 833 F.2d at 1065, or at least treats the issue as one of fact. The Fourth Circuit employs the *opposite* presumption, and it makes the presumption virtually irrebuttable. *See* Pet. App. 27a. Passage of time, the elements, and loss of documents and memory will make the applicable presumption dispositive in long-lost shipwreck cases. Under the first approach, insurance companies that have destroyed the documents proving ownership and taken no steps whatever to recover the wreck will be found to have abandoned their claims, and property will belong to those who have risked their money and lives to recover it. Under the other approach, successors of defunct insurance companies (who may long ago have recouped their losses through increased premiums) are

assured the right to grab a share of gold once others have brought it to the surface.

The divergence in the approaches of maritime courts to adjudicating claims in long-lost shipwrecks is plain. *Compare* Pet. App. 18a-19a (in contrast to "harsh, primitive, and inflexible" law of finds, salvage law lessens possibility of clashes between would-be salvors) *with Treasure Salvors*, 569 F.2d at 337 n.11 (rejecting this criticism of finds law). Commentators have recognized that the issue is a significant and unsettled one. *See* Schoenbaum, *supra*, at 513 ("cases are in conflict on several points" in approaching long-lost wrecks); Edelman, *Who Gets Treasure Recovered From Sea?*, N.Y.L.J., Dec. 4, 1992, at 3, 4 (discussing change in law effected by Fourth Circuit opinion, concluding: "How the law of finds will turn out in cases on the high seas will need resolution by the Supreme Court. What proof is needed to show abandonment?").

The Court's resolution of conflicts is especially important in the admiralty context. "The issue is one of importance in the development of the law maritime, as to which [the Supreme Court has] large responsibilities, constitutionally conferred." *Southwestern Sugar & Molasses Co. v. River Terminals Corp.*, 360 U.S. 411, 415 (1959). Part of this constitutional responsibility is upholding the "principle that federal admiralty law should be a 'system of law coextensive with, and operating uniformly in, the whole country.'" *E.g.*, *Miles v. Apex Marine Corp.*, 111 S. Ct. 317, 322-23 (1990); *Moragne v. States Marine Lines, Inc.*, 398 U.S. 375, 401 (1970). That uniformity is threatened by the conflict created by the opinion below. A conflict among admiralty courts is even more intolerable in the context of shipwreck recovery, where venue is proper in any district where the recovered property may be brought upon recovery, giving every incentive for forum shopping. *See*, 28 U.S.C. § 1333; *Treasure Salvors v. Unidentified, Wrecked and Abandoned Sailing Vessel*, 640 F.2d 560, 567-68 (5th Cir. 1981). The Court should

grant certiorari to resolve the conflict and provide guidance to lower courts.

II. THE COURT'S ACTION IN THIS CLOSELY WATCHED CASE WILL HAVE IMPORTANT EFFECTS ON THE EMERGING FIELD OF HIGH TECHNOLOGY MARITIME RECOVERY AND THE PUBLIC ADMINISTRATION OF HISTORIC SHIPWRECKS

This case has already been recognized by the public, the maritime industry, and the admiralty bar as a landmark. Numerous articles in the popular press both in this country and abroad have recounted the search for the ship and its treaure.[9] Many have focused on the legal questions presented.[10] The case has received wide attention both from the trades associated with maritime recovery,[11] and

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[9] *See, e.g., Salvors Must Give Up Treasure,* USA Today, Aug. 28, 1992; *Divers Mine Depths for Treasures,* Washington Times, Oct. 19, 1990; *Sunken Treasure!,* Reader's Digest, Dec. 1990; *Chasser le Tresor et Garder l'or,* Agence France Press, Aug. 20, 1990; *Salvage Group Backed by Court,* International Herald Tribune, Aug. 16, 1990; *Treasure's Finders are Keepers,* USA Today, Aug. 15, 1990; *Pieces of Eight,* The Economist, Mar. 17, 1990; *The Sinking that Shook America,* U.S. News & World Report, Sept. 25, 1989; *Sunken Treasure,* The Economist, Aug. 26, 1989.

[10] *See, e.g., The Law of Finders-Keepers,* Washington Post, Aug. 15, 1990; *There's a New Wave in Sea Salvage Rules,* Wall Street Journal, May 14, 1990; *Law and Science Vie in Hunt for Sea's Treasures,* Los Angeles Times, Aug. 10, 1987; *Gains in Salvaging Raise Issue of Sites Beyond U.S. Limits,* N.Y. Times, Aug. 8, 1987.

[11] *See, e.g., 'Courting' The Treasure Of A Shipwreck,* Washington Letter of Oceanography, Oct. 5, 1992; *Appeals Court Denies Rehearing in Columbus-America Case,* Sea Technology, Nov. 1992; *Sea Salvage Law Could Solve Chaos of Space Debris,* Defense News, Dec. 10, 1990; *Judge Rules For Salvors In* Central America *Case,* Underwater USA, Oct. 1990; *Salvage Rights Debate on* Central America, Underwater USA, Apr. 1990; *Re Shipwrecks: Finders Can Be Keepers If Conditions Are Met,* Journal of Commerce, Dec. 14, 1989.

from the practicing bar.[12] Legal commentators as well have recognized that the case raises significant unresolved issues in admiralty law.[13] While the magnitude of the treasure alone makes this case significant,[14] the Court's action will have a broader impact.

A. New Advances in Marine Recovery Technology Have Multiplied Conflicts Over the Law of Long-Lost Shipwrecks, Requiring the Court's Attention

The development of new marine technology has made conflict among ancient admiralty law doctrines inevitable. With the development of ever-more sophisticated technologies for exploring the oceans, valuable items long thought hopelessly lost may be recovered, making the determination of abandonment an issue of growing significance. As a leading admiralty treatise states:

> These distinctions [between the law of finds and the law of salvage] assume new importance because tech-

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[12] *See, e.g., Finders of $1 Billion Booty Might be Weepers,* Chicago Daily Law Bulletin, Nov. 9, 1992; *$1 Billion Ruling,* ABA Journal, Oct. 1990; *Finders Keepers,* National Law Journal, Aug. 27, 1990; *The Case with the Midas Touch,* ABA Journal, May 1990; *Admiralty Specialist Turns Coal Into Gold,* American Lawyer, Sept. 1989.

[13] *See, e.g.,* Burke, *A Reprise of the Case of Eads v. Brazleton,* 44 Ark. L. Rev. 425 (1991); Fry, *The Treasure Below: Jurisdiction Over Salving Operations in International Waters,* 88 Colum. L. Rev. 863 (1988) (student note); Horrell, *Telepossession Is Nine-Tenths of the Law: The Emerging Industry of Deep Ocean Discovery,* 3 Pace Y.B. Int'l. L. 309 (1991) (student note); King, *Admiralty Law: Evolving Legal Treatment of Property Claims to Shipwrecks in International Waters,* 31 Harv. Int'l. L. J. 313 (1990) (student note).

[14] The trade journal of the coin industry, for example, stated that "the ship's cargo is going to totally change several vital segments of numismatics at a single stroke, and will certainly make every reference book and catalog of California Territorial and private gold issues obsolete." *Shipwreck Yields Lost Shipment,* Numismatic News, Oct. 3, 1989. The determination whether the entire cargo will remain intact and under the control of Columbus-America, or will instead be the subject of a salvage sale, can have a significant impact on the cargo's value.

> nological developments have made possible a new type of "salvage" presenting different and more complex legal issues than traditional maritime salvage—the recovery of treasure and artifacts from ancient shipwrecks. The courts have had difficulties in such cases, primarily because the issues presented cut across many different areas of law: admiralty, the law of the sea, the law of "finds," sovereign immunity, and land and property rights under federal and state law. The cases are in conflict on several points. . . .

T. Schoenbaum, *supra*, § 15-7 (citing numerous cases discussed in this petition). Approximately 50,000 shipwrecks are located within the navigable waters of the United States, and many have historical and other significance. H.R. Rep. No. 514(I), 100th Cong., 2d Sess. 1, *reprinted in* 1988 U.S.C.A.N. 365. The number of wrecks outside these boundaries (but nonetheless within the admiralty jurisdiction of 28 U.S.C. § 1333), such as the CENTRAL AMERICA, is even greater. The important effects of this legal confusion can only grow.

B. The Opinion Below Chills Ocean Exploration and Burdens Admiralty Courts that Must Adjudicate Rights in Long-lost Vessels

Although the Federal Government's public policy strongly encourages deep sea exploration, such exploration is fraught with risks. Exploration of the seabed requires highly complex and sophisticated technologies, and failures can occur at any stage of the exploration process. Enormous sums of venture capital are required if private enterprises, in addition to governments, are to have the opportunity to participate in such exploration. *See* U.S. Congress, Office of Technology, *Technologies for Underwater Archaeology and Maritime Preservation—Background Paper*, OTA-BP-E-37, 8 (1987).

Under the law of finds, risks are balanced against the certainty and predictability that title will vest in an explorer who succeeds in locating and possessing ancient artifacts on the seabed. The opinion below, however, pro-

vides an open invitation to highly speculative and fabricated claims. As this case illustrates, only after incurring the risks and expense of bringing articles to the surface will finders know how many purported claimants might appear.[15] The temptation for fraud and puffed-up claims is particularly acute as to long-lost treasure, where substantial sums are at stake.[16] Without this Court's attention, legal uncertainty and the resulting threat of litigation over ownership will make the formation of sea exploration ventures far more difficult and new discoveries less likely.

The approach of the opinion below also burdens admiralty courts with the difficult task of dividing treasure based on claims given ageless vitality by its rule against abandonment, but whose validity or size is not evidenced by documentation. As the dissent below put it:

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[15] For this reason, the court of appeals' rule provides maritime explorers with an unfortunate disincentive to perform recovery in an archaeologically responsible manner. Through the use of new and sophisticated marine technologies, shipwrecks can yield information not only from their cargoes, but also from their structures and the utensils, plates, glassware, cutlery and clothing found aboard historic shipwrecks. Giesecke, *Shipwrecks: The Past in the Present*, 15 Coastal Management 179, 180 (1987). Ironically, under the Fourth Circuit's approach, if a finder develops historical information linking an artifact to a specific crew member, cargo owner or passenger, the fruit of its discovery may only be a claim of ownership that had been stale for many generations.

[16] The lengths to which some will go when valuable artifacts are at stake are illustrated in this very case by the claims asserted by the Superintendent of Insurance of the State of New York, who purports to represent nine companies that had been liquidated and their affairs wound up in the late nineteenth century. Until the court of appeals' decision, there would have been scant legal basis for any entity that had itself *ceased to exist* a century ago to claim that it retained a legitimate interest in the CENTRAL AMERICA shipwreck. Without this Court's attention, scavenging of long-lost claims by enterprising counsel may become a more profitable industry than salvaging of long-lost shipwrecks by entrepreneurial explorers. *Cf. To Hunt Treasure, Slip into a Lawsuit*, U.S. News and World Report, Apr. 16, 1990.

> On remand, the district court will be faced with the difficult, if not impossible, task of determining which claims were paid by the insurance companies and in what amounts. This problem is caused by the insurance companies' failure to maintain the records necessary to establish their claims. Had the insurance companies not abandoned their claims they surely would have maintained the records necessary to establish their amount.

Pet. App. 49a. Application of the law of finds and the associated presumption of abandonment for long-lost wrecks would achieve certainty and finality in the law by disfavoring purported owners' claims that are not supported by reliable evidence. The opinion below, in contrast, leaves admiralty courts in future cases with a "Herculean task." *Id.*

C. The Court of Appeals' Approach to Abandonment Will Spawn Confusion in the Law Governing Public Administration of Historic Shipwrecks

The uncertainty over legal requirements for abandonment that arises from the opinion below has important implications for the law governing management of maritime resources by the Federal Government and the States. Technological advances have made access to shipwrecks easier, creating greater interest in them, but at the same time placing them at risk of destruction. *See* H.R. Rep. No. 514(I), 100th Cong., 2d Sess. 1, *reprinted in* 1988 U.S.C.C.A.N. 365. Congress and the States have accordingly passed legislation aimed at protecting these historical and archaeological resources. To the extent the coverage of these statutes is defined by reference to "abandoned" shipwrecks, however, the resurrection of ancient private claims sanctioned by the court of appeals places them in doubt.

The major federal statute on point is the Abandoned Shipwreck Act of 1987, 43 U.S.C. § 2101-2106 ("ASA"). Under the ASA, the United States asserted title to "any

abandoned shipwreck" that is on or embedded in the lands or coralline formations of a State, but transferred title of most such shipwrecks to the State on whose submerged lands they are located. 43 U.S.C. § 2105. States are encouraged under the ASA to take steps to protect valuable abandoned shipwrecks for recreational and historical purposes. 43 U.S.C. § 2104. The text of the ASA, however, contains no definition of the term "abandoned." Accordingly, the statute must be assumed to have used abandonment as judicially defined in admiralty law. *See, e.g., Evans v. United States*, 112 S. Ct. 1881, 1885 (1992) (citing Frankfurter, *Some Reflections on the Reading of Statutes*, 47 Colum. L. Rev. 527, 537 (1947)). The legislative history of the ASA confirms that the general maritime law meaning was incorporated:

> The Committee notes that the term "abandoned" does not require the original owner to actively disclaim title or ownership. The abandonment or relinquishment of ownership rights may be implied or otherwise inferred, as by an owner never asserting any control over or otherwise indicating his claim of possession of the shipwreck.

H.R. Rep. No. 514(I), 100th Cong., 2d Sess. 1, 2, *reprinted in* 1988 U.S.C.C.A.N. 365, 366.

Under the court of appeals opinion, this is no longer the meaning of the term "abandoned" under the common law of admiralty. Absent an express abandonment, the ownership claim of anyone who appears to assert an interest is instead preserved, and the wreck is not considered abandoned. Pet. App. 21a. The definition of abandonment in the opinion below therefore has the potential of removing from the coverage of the ASA's protection any number of shipwrecks that would previously have been considered abandoned. Many states have statutes similarly aimed at protecting historic shipwrecks, most of which define their coverage in terms of abandonment. *See* H.R. Rep. No. 514(I) at 2, *reprinted in* 1988 U.S.C.C.A.N. 365, 366 (listing statutes). Accordingly,

the definition of "abandonment" implicates substantial state and federal interests, resources, and potential liabilities, as well as the recognition of federalism embodied in the ASA's grant of authority over shipwrecks to the States. The Court's attention to the issue is warranted now to avoid further confusion in the area.

CONCLUSION

The writ of certiorari should be granted.

Repectfully submitted,

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APPENDICES

APPENDIX A

UNITED STATES COURT OF APPEALS
FOURTH CIRCUIT

Nos. 90-2730 to 90-2732

COLUMBUS-AMERICA DISCOVERY GROUP,
Plaintiff-Appellee,

and

TRUSTEES OF COLUMBIA UNIVERSITY IN THE CITY OF NEW YORK; HARRY G. JOHN; JACK F. GRIMM,
Plaintiffs,

v.

ATLANTIC MUTUAL INSURANCE COMPANY; INSURANCE COMPANY OF NORTH AMERICA; SALVAGE ASSOCIATION; LONDON ASSURANCE; ALLIANCE ASSURANCE COMPANY, LTD.; ROYAL EXCHANGE ASSURANCE; INDEMNITY MARINE ASSURANCE COMPANY, LTD.; MARINE INSURANCE COMPANY, LTD.; SUPERINTENDENT OF INSURANCE OF THE STATE OF NEW YORK,
Claimants-Appellants,

and

THE UNIDENTIFIED WRECKED AND ABANDONED SAILING VESSEL, its engines, tackle, apparel, appurtenances, cargo, etc., located within a box defined by the following coordinates: Northern Boundary—31 degrees 37 minutes North Latitude; Southern Boundary—31 degrees 33 minutes North Latitude; Western Boundary —77 degrees 2 minutes West Longitude; Eastern Boundary—76 degrees 57 minutes West Longitude, (believed to be the S.S. Central America), *in rem,*
Defendant,

CIGNA GROUP, COMMERCIAL UNION ASSURANCE COMPANY, LTD.; COMMERCIAL UNION INSURANCE COMPANY; WILLIAM H. MCGEE & COMPANY, INCORPORATED; ROYAL INSURANCE; ROYAL INSURANCE COMPANY, LTD.; ROYAL INSURANCE COMPANY OF AMERICA; CHUBB & SON, INCORPORATED; SUN ALLIANCE GROUP; UNDERWRITERS AT LLOYD'S; GRE OF AMERICA CORPORATION; GUARDIAN ROYAL EXCHANGE; INDEMNITY MUTUAL MARINE ASSURANCE COMPANY; SUN INSURANCE COMPANY OF NEW YORK; SUN INSURANCE OFFICE, LTD.; GREAT WESTERN INSURANCE COMPANY; SUN MUTUAL INSURANCE COMPANY; UNION MUTUAL INSURANCE COMPANY; ORIENTAL MUTUAL INSURANCE COMPANY; COMMERCIAL MUTUAL INSURANCE COMPANY; MERCANTILE MUTUAL INSURANCE COMPANY; NEW YORK MUTUAL INSURANCE COMPANY; PACIFIC MUTUAL INSURANCE COMPANY; INDEMNITY MARINE; LONDON ASSOCIATED CORPORATION; ROYAL ASSOCIATED CORPORATION; ROYAL MARINE; INDEMNITY MUTUAL; ROYAL EXCHANGE & LONDON OFFICES; UNION BANK OF LONDON; COMMONWEALTH FIRE INSURANCE COMPANY; DENNIS STANDEFER; THE R/V LIBERTY STAR, her master, officers, crew and all persons aboard; BOARD OF TRUSTEES OF COLUMBIA UNIVERSITY; LAMONT-DOHERTY GEOLOGICAL INSTITUTE; S.S. GEORGE LAW PARTNERSHIP; BOSTON SALVAGE CONSULTANTS, INC.,

Claimants.

AMERICAN INSTITUTE OF MARINE UNDERWRITERS; THE BOARD OF UNDERWRITERS OF NEW YORK,

Amici Curiae.

HARRY G. JOHN; JACK F. GRIMM,

Plaintiffs-Appellants,

COLUMBUS-AMERICA DISCOVERY GROUP,

Plaintiff-Appellee,

and

TRUSTEES OF COLUMBIA UNIVERSITY IN THE CITY OF NEW YORK,

Plaintiff,

v.

ATLANTIC MUTUAL INSURANCE COMPANY; INSURANCE COMPANY OF NORTH AMERICA; SALVAGE ASSOCIATION; LONDON ASSURANCE; ALLIANCE ASSURANCE COMPANY, LTD.; ROYAL EXCHANGE ASSURANCE; INDEMNITY MARINE ASSURANCE COMPANY, LTD.; MARINE INSURANCE COMPANY, LTD.; SUPERINTENDENT OF INSURANCE OF THE STATE OF NEW YORK, CIGNA GROUP, COMMERCIAL UNION ASSURANCE COMPANY, LTD.; COMMERCIAL UNION INSURANCE COMPANY; WILLIAM H. MCGEE & COMPANY, INCORPORATED; ROYAL INSURANCE; ROYAL INSURANCE COMPANY, LTD.; ROYAL INSURANCE COMPANY OF AMERICA; CHUBB & SON, INCORPORATED; SUN ALLIANCE GROUP; UNDERWRITERS AT LLOYD'S; GRE OF AMERICA CORPORATION; GUARDIAN ROYAL EXCHANGE; INDEMNITY MUTUAL MARINE ASSURANCE COMPANY; SUN INSURANCE COMPANY OF NEW YORK; SUN INSURANCE OFFICE, LTD.; GREAT WESTERN INSURANCE COMPANY; SUN MUTUAL INSURANCE COMPANY; UNION MUTUAL INSURANCE COMPANY; ORIENTAL MUTUAL INSURANCE COMPANY; COMMERCIAL MUTUAL INSURANCE COMPANY; MERCANTILE MUTUAL INSURANCE COMPANY; NEW YORK MUTUAL INSURANCE COMPANY; PACIFIC MUTUAL INSURANCE COMPANY; INDEMNITY MARINE; LONDON ASSOCIATED CORPORATION; ROYAL ASSOCIATED CORPORATION; ROYAL MARINE; INDEMNITY MUTUAL; ROYAL EXCHANGE & LONDON OFFICES; UNION BANK OF LONDON; COMMONWEALTH FIRE INSURANCE COMPANY; DENNIS STANDEFER; THE R/V LIBERTY STAR, her master, officers, crew and all persons aboard; BOARD OF TRUSTEES OF COLUMBIA UNIVERSITY; LAMONT-DOHERTY GEOLOGICAL INSTITUTE; S.S. GEORGE LAW PARTNERSHIP; BOSTON SALVAGE CONSULTANTS, INC.,

Claimants,

v.

THE UNIDENTIFIED WRECKED AND ABANDONED SAILING VESSEL, its engines, tackle, apparel, appurtenances, cargo, etc., located within a box defined by the following coordinates: Northern Boundary—31 degrees 37 minutes North Latitude; Southern Boundary—31 degrees 33 minutes North Latitude; Western Boundary —77 degrees 2 minutes West Longitude; Eastern Boundary—76 degrees 57 minutes West Longitude, (believed to be the S.S. Central America), *in rem*,

Defendant,

AMERICAN INSTITUTE OF MARINE UNDERWRITERS; THE BOARD OF UNDERWRITERS OF NEW YORK,

Amici Curiae.

TRUSTEES OF COLUMBIA UNIVERSITY IN THE CITY OF NEW YORK,

Plaintiff-Appellant,

COLUMBUS-AMERICA DISCOVERY GROUP,

Plaintiff-Appellee,

and

HARRY G. JOHN; JACK F. GRIMM,

Plaintiffs,

ATLANTIC MUTUAL INSURANCE COMPANY; INSURANCE COMPANY OF NORTH AMERICA; SALVAGE ASSOCIATION; LONDON ASSURANCE; ALLIANCE ASSURANCE COMPANY, LTD.; ROYAL EXCHANGE ASSURANCE; INDEMNITY MARINE ASSURANCE COMPANY, LTD.; MARINE INSURANCE COMPANY, LTD.; SUPERINTENDENT OF INSURANCE OF THE STATE OF NEW YORK; CIGNA GROUP, COMMERCIAL UNION ASSURANCE COMPANY, LTD.; COMMERCIAL UNION INSURANCE COMPANY; WILLIAM H. MCGEE & COMPANY, INCORPORATED; ROYAL INSURANCE; ROYAL INSURANCE COMPANY, LTD.; ROYAL INSURANCE COMPANY OF AMERICA; CHUBB & SON, INCORPORATED; SUN ALLIANCE GROUP; UNDERWRITERS AT LLOYD'S; GRE OF AMERICA CORPORATION; GUARDIAN ROYAL EXCHANGE;

INDEMNITY MUTUAL MARINE ASSURANCE COMPANY; SUN INSURANCE COMPANY OF NEW YORK; SUN INSURANCE OFFICE, LTD.; GREAT WESTERN INSURANCE COMPANY; SUN MUTUAL INSURANCE COMPANY; UNION MUTUAL INSURANCE COMPANY; ORIENTAL MUTUAL INSURANCE COMPANY; COMMERCIAL MUTUAL INSURANCE COMPANY; MERCANTILE MUTUAL INSURANCE COMPANY; NEW YORK MUTUAL INSURANCE COMPANY; PACIFIC MUTUAL INSURANCE COMPANY; INDEMNITY MARINE; LONDON ASSOCIATED CORPORATION; ROYAL ASSOCIATED CORPORATION; ROYAL MARINE; INDEMNITY MUTUAL; ROYAL EXCHANGE & LONDON OFFICES; UNION BANK OF LONDON; COMMONWEALTH FIRE INSURANCE COMPANY; DENNIS STANDEFER; THE R/V LIBERTY STAR, her master, officers, crew and all persons aboard; BOARD OF TRUSTEES OF COLUMBIA UNIVERSITY; LAMONT-DOHERTY GEOLOGICAL INSTITUTE; S.S. GEORGE LAW PARTNERSHIP; BOSTON SALVAGE CONSULTANTS, INC.,

Claimants,

v.

THE UNIDENTIFIED WRECKED AND ABANDONED SAILING VESSEL, its engines, tackle, apparel, appurtenances, cargo, etc., located within a box defined by the following coordinates: Northern Boundary—31 degrees 37 minutes North Latitude; Southern Boundary—31 degrees 33 minutes North Latitude; Western Boundary —77 degrees 2 minutes West Longitude; Eastern Boundary—76 degrees 57 minutes West Longitude, (believed to be the S.S. Central America), *in rem,*

Defendant.

AMERICAN INSTITUTE OF MARINE UNDERWRITERS; THE BOARD OF UNDERWRITERS OF NEW YORK,

Amici Curiae.

Argued June 5, 1991

Decided Aug. 26, 1992

Douglas A. Jacobsen, Bigham, Englar, Jones & Houston, John H. Reilly, Jr., Dickerson & Reilly, Edward A. Friedman, Friedman & Kaplan, New York City, Guilford D. Ware, Crenshaw, Ware & Martin, Norfolk, Va., argued (Marilyn L. Lytle, George R. Daly, Bigham, Englar, Jones & Houston, Robert D. Kaplan, Friedman & Kaplan, New York City, James L. Chapman, IV, Crenshaw, Ware & Martin, Norfolk, Va., Daniel R. Warman, John Y. Richardson, Jr., Williams, Worrell, Kelly, Greer & Frank, Norfolk, Va., on brief), for appellants.

Richard T. Robol, Hunton & Williams, Norfolk, Va., Robert W. Trafford, Porter, Wright, Morris & Arthur, Columbus, Ohio, argued (Kevin J. Cosgrove, Robert M. Tata, Stephen W. Haynie, Hunton & Williams, Norfolk, Va., Curtis A. Loveland, William J. Kelly, Jr., Daniel F. Gourash, Porter, Wright, Morris & Arthur, Columbus, Ohio, on brief), for appellee.

Allan S. Reynolds, Reynolds, Smith & Winters, Norfolk, Va., for amici curiae.

Before RUSSELL, WIDENER, and HALL, Circuit Judges.

OPINION

DONALD RUSSELL, Circuit Judge:

"When Erasmus mused that '[a] common shipwreck is a source of consolation to all', *Adagia*, IV.iii.9 (1508), he quite likely did not foresee inconcinnate free-for-alls among self-styled salvors." *Martha's Vineyard Scuba HQ, Inc. v. The Unidentified, Wrecked and Abandoned Steam Vessel*, 833 F.2d 1059, 1061 (1st Cir.1987). Without doubt the Dutch scholar also could not imagine legal brawls involving self-styled "finders" from Ohio, British and American insurance underwriters, an heir to the Miller Brewing fortune, a Texas oil millionaire, an Ivy League university, and an Order of Catholic monks. Yet that is what this case involves, with the prize being up to one billion dollars in gold.

This gold was deposited on the ocean floor, 8,000 feet below the surface and 160 miles off the South Carolina coast, when the S.S. CENTRAL AMERICA sank in a hurricane on September 12, 1857. The precise whereabouts of the wreck remained unknown until 1988, when it was located by the Columbus-America Discovery Group ("Columbus-America"). This enterprise has since been recovering the gold, and last year it moved in federal district court to have itself declared the owner of the treasure. Into court to oppose this manoeuvre came British and American insurers who had originally underwritten the gold for its ocean voyage and then had to pay off over a million dollars in claims upon the disaster. Also attempting to get into the stew were three would-be intervenors who claimed that Columbus-America had used their computerized "treasure map" to locate the gold. The district court allowed the intervention, but it did not give the intervenors any time for discovery.

After a ten-day trial, the lower Court awarded Columbus-America the golden treasure in its entirety, 742 F.Supp. 1327. It found that the underwriters had previously abandoned their ownership interests in the gold by deliberately destroying certain documentation. As for the intervenors, the Court held that there was no evidence showing that Columbus-America used their information in any way in locating the wreck.

Upon appeal, we find that the evidence was not sufficient to show that the underwriters affirmatively abandoned their interests in the gold. We also hold that once intervention was allowed, the district court abused its discretion by not affording the intervenors sufficient time for discovery. We therefore reverse the decision below and remand the case for further proceedings.

I.

A.

The year 1857 is justly famous in American history for its many notable events. Among these was the beginning

of a fairly serious financial decline, the aptly named Panic of 1857. Associated with the Panic, and another reason why the year is so famous, is one of the worst disasters in American maritime history, the sinking of the S.S. CENTRAL AMERICA.

The CENTRAL AMERICA was a black-hulled, coal-fired, three-decked, three-masted sidewheeler with a cruising speed of eleven knots. Built in 1852, and launched the following year, she carried passengers, mail, and cargo between Aspinwall, Columbia (on the eastern end of the isthmus of Panama), and New York City, with a stopover in Havana. Most, if not all, of her passengers were headed to or from California, the route being one leg of the then quickest way between the west coast and the eastern seaboard—from California to the western end of the isthmus of Panama aboard a steamship, across the isthmus on the Panama Railroad, and then from Aspinwall to New York aboard another steamship. Owned by the U.S. Mail and Steamship Company and originally named the S.S. GEORGE LAW (until June 1857), the CENTRAL AMERICA completed forty-three voyages between Panama and New York in her four years of operation. During this period, the California gold rush was in full swing, and it has been said that the ship carried one-third of all gold shipped at that time from California to New York.

In August of 1857, over four hundred passengers and approximately $1,600,000 (1857 value) in gold (exclusive of passenger gold) left San Francisco for Panama aboard the S.S. SONORA. Many of the passengers were prospectors who had become rich and were returning home, either for good or to visit. Also on board were California Judge Alonzo Castle Monson, who resigned from the bench after losing his house and all his money in a famous poker game, and Mrs. Virginia Birch, a.k.a. "the notorious Jenny French," a former dance hall girl well known in San Francisco. As for the gold, it was being

shipped by California merchants, bankers, and express companies, including Levi Straus and Wells Fargo, to New York banks, the banks wanting specie to stave off the effects of the financial downturn.

The travellers and the cargo reached Panama without incident, and they crossed the isthmus by rail. On September 3, over six hundred people came aboard the CENTRAL AMERICA, as well as $1,219,189 of the gold shipped on the SONORA, the remainder being shipped to England aboard a different vessel. The CENTRAL AMERICA first headed for Havana, which was reached on September 7. There, the ship lay over for a night, and some of the passengers debarked to catch another vessel for New Orleans. On September 8, under clear skies, the CENTRAL AMERICA left Havana for New York, carrying approximately 580 persons and her golden treasure.

On the second day out of Havana, the weather changed and a mighty storm came up. What the passengers and crew could not know was that they were headed directly into the teeth of a ferocious hurricane. As the storm worsened around the CENTRAL AMERICA, a leak developed and soon water was rushing into the boat. The water extinguished the fires in the ship's boilers, and this in turn caused the ship's pumping system to fail. All able male passengers began a systematic bailing of water out of the ship, but it was to no avail; after thirty frantic hours, the boiler fires would still not light and the water level continued to rise.

Knowing the situation was hopeless, Captain William Lewis Herndon managed to hail a passing ship, the brig MARINE, and one hundred persons, including all but one of the women and children aboard, were safely transfered to the other ship. Time and conditions would not allow for any more transfers, however, and shortly after 8 p.m. on September 12, the CENTRAL AMERICA began making its quick descent to the bottom of the ocean.

After being flung into the sea, many of the men managed to come to the top and float there, desperately holding onto any buoyant material available. Six to nine hours after the sinking, fifty of these men were rescued by the Norwegian bark ELLEN. Earlier, a small bird had thrice circled the ELLEN and flown directly into the face of the ship's captain. Taking this as a sign, the captain changed his course to follow from whence the bird had come, and in so doing discovered the fifty floating survivors. Three other men were also rescued when, nine days later and 450 miles away, a ship spotted their lifeboat, which had been riding the Gulf Stream.

In all, 153 persons were rescued, while approximately 425 lost their lives. Also lost were hundreds of bags of mail and the $1,219,189 in gold. At the time, there were rumors that other commercial shipments of gold were aboard, but these were quickly discounted. It is true, though, that a significant amount, probably several hundred thousand dollars worth (1857 valuation), of passenger gold was lost. Many passengers had with them their earnings from several years' labor in the California gold fields. Some kept this gold on their person, while others carried it in carpetbags or trunks. Also, passenger gold could have been checked with the ship's purser, although these records were lost with the ship. Captain Thomas W. Badger is one example of a passenger carrying gold, he having lost $17,500 of it stored in a carpetbag. Also, the newspapers reporting the disaster contained vivid accounts of men flinging down their hard earned treasure in disgust upon realizing their impending doom.

Needless to say, for the next several weeks newspapers around the country devoted much space to the disaster which befell the CENTRAL AMERICA. While people mourned the over four hundred persons who had valiantly lost their lives, they also feared that the loss of such a large amount of specie would exacerbate the coun-

try's already serious financial situation. The commercial shipments of gold had been insured, though, and the insurance underwriters began advertising in the newspapers that they would pay off their commitments upon the proper proofs being presented. Approximately one-third of the treasure had been underwritten by New York insurers while the rest was underwritten in London. Without doubt, most, if not all, of the claims were promptly paid off by the underwriters.

Under applicable law, then and now, once the underwriters paid the claims made upon them by the owners of the gold, the treasure became theirs. Thus, less than two weeks after the disaster, the underwriters began negotiating with the Boston Submarine Armor Company about possibly raising the ship and her cargo. Also, on June 28, 1858, two of the underwriters (Atlantic Mutual Insurance Company and Sun Mutual Insurance Company) contracted with Brutus de Villeroi, a Frenchman then living in Pennsylvania, to salvage the gold. The contract states that de Villeroi, "by means of his Invention of a Submarine boat" and at his own expense, would raise the treasure and receive a salvage award of seventy-five percent. At this time, though, no one was quite sure where the boat had gone down, or in how deep of water. At first, some estimated the ship was in only twenty-eight fathoms of water (168 feet), when in fact it was over 8,000 feet below the surface. As would be expected, nothing came of the salvage attempts in the late 1850s, and the issue, and the gold, would lay dormant for over a hundred and twenty years.

B.

Beginning in the 1970s, a number of individuals and groups began discussing and planning the salvage of the CENTRAL AMERICA, as the decade before had seen a great advance in the technology necessary for deep sea salvage. Still, though, no one was positive where the ship had gone down or in what depth of water. At least one

group thought they had found her in shallow water fifteen miles off Cape Hatteras, while in reality was at least one hundred miles from where she actually lay.

A number of those interested in salvaging the CENTRAL AMERICA contacted some of the various insurers who had underwritten the gold. The would-be salvors hoped to receive a relinquishment of the insurers' rights to the property, or at least form a salvage contract with the underwriters. While the underwriters negotiated with several groups about the salvage, they did not enter into any salvage contracts nor did they relinquish any of their rights to the gold.

One of the groups that contacted several of the underwriters was Plaintiff Columbus-America Discovery Group, the eventual salvor. Columbus-America asked the underwriters to convey to it any claims they might have regarding the gold, but this was not done.

Another group that was interested in salvaging the gold was Santa Fe Communications, Inc. ("Santa Fe"), whose interests are now owned by Plaintiff-Intervenors Harry G. John and Jack R. Grimm.[1] In 1984, Santa Fe paid Plaintiff-Intervenor Columbia University $300,000 for Columbia's Dr. William B.F. Ryan to conduct a sonar search over a 400 square mile area of the Atlantic Ocean. During his sonar search, Dr. Ryan identified seven "targets" on the ocean floor. Of these targets, he found only one, target #4, to be a good candidate for being the CENTRAL AMERICA. Dr. Ryan felt that "this target is almost certainly the scattered debris of a shipwreck," and his report mentioned that further exploration of it would have been made but for "gale force winds and seas." In conclusion, he told Santa Fe, "you [Harry John] and Mr. Jack Grimm have a likely candidate for further exploration." Santa Fe, though, did not further

[1] John is an heir to the Miller Brewing Company, while Grimm is a multi-millionaire Texas oilman who has in the past led searches for Noah's Ark, the Loch Ness Monster, and the TITANIC.

pursue the matter, and on December 31, 1984, it transferred to a Catholic monastic order, the Province of St. Joseph of the Capuchin Order—St. Benedict Friary of Milwaukee, Wisconsin ("the Capuchins"), any and all rights and interests arising out of its undersea salvage operations. It now appears that target #4 was indeed the CENTRAL AMERICA.

The contract between Santa Fe and Columbia provided that Columbia would be able to freely publish the results of the sonar survey, but only after keeping such results confidential for a year. Shortly after the survey, Columbus-America President Thomas Thompson began contacting Dr. Ryan and others at Columbia and Santa Fe in an attempt to learn the results. Over a two-year period, Thompson and Dr. Ryan had a number of conversations about the techniques for identifying sonar images on the ocean floor, but the latter only believed that Thompson, who was associated with the prestigious Battelle Memorial Institute, was interested in this information from a scientific standpoint.

On February 12, 1986, Thompson wrote Dr. Ryan and requested certain sonar photographs taken during the survey. The letter also stated, "I am submitting this order primarily out of personal interest. I have a personal source of funds available for data collection and correlation-type work. I am also interested in the techniques for separating anomalies from their environment and in the processing of specific anomalies to determine their character." Dr. Ryan passed along Thompson's request to Columbia, which agreed to provide the information. As a condition, though, Columbia told Thompson that "since the data you requested is not in the public domain, we would require your agreement that any photo-copied records or computer tapes you receive would be for your sole use and would not be reproduced for others." Thompson agreed to this condition, but went ahead and placed the information he received into Columbus-America's files.

C.

In 1987, after much effort and expense, Columbus-America believed it had found the CENTRAL AMERICA. Thus, on May 27, 1987, it filed, in the United States District Court for the Eastern District of Virginia, an *in rem* action against the wreck, alleging that, under the law of finds, it was its "finder," or, alternatively, under the law of salvage, its "salvor." Columbus-America then asked for and received, on July 17, 1987, a preliminary injunction enjoining the other would-be salvors from operating within a specified area ("injunction box #1") of the sea. Injunction box #1 covered an area which was approximately thirty miles from Dr. Ryan's target #4.

After receiving this injunction, Columbus-America spent two years attempting to salvage the wreck they thought was the CENTRAL AMERICA—this time was also spent battling the other would-be salvors in court. Plaintiffs recovered several artifacts, as well as a good many lumps of coal, but at some point they recognized that they were salvaging the wrong ship. They then began to look at other likely targets, and, eventually, they discovered the right ship. Thus, Columbus-America requested the Court to grant them, by permanent injunction, exclusive control over the area around this new find, and this was done through an Order entered on August 18, 1989 ("injunction box #2"). Within the area of injunction box #2 was Dr. Ryan's target #4.

Since 1989, Columbus-America, through its invention of a submersible robot which can pick up objects ranging from small gold coins to a ship's anchor weighing thousands of pounds, has been salvaging objects left on the ocean floor by the CENTRAL AMERICA. Undoubtedly, its major interest is in recovering the gold, and so far several hundred million dollars worth (present value) of gold coins, ingots, and bars have been recovered—it is estimated that the total haul may be worth up to one billion dollars.

On September 29, 1989, many of the original underwriters of the gold, plus the Superintendent of Insurance of the State of New York for several insurance companies now defunct, filed claims with the district court asserting that they were the proper owners of the gold. After this, extensive discovery was had, and the case was scheduled for trial beginning April 3, 1990.

Three days before trial, John and Grimm moved to intervene, as did Columbia two days later. The intervenors claimed that Columbus-America must have used the information from Dr. Ryan's sonar survey in locating the CENTRAL AMERICA, and thus they wished for a percentage of the recovery. Two weeks earlier, John had bought back for $10 any claims the Capuchins would have on the CENTRAL AMERICA. When Santa Fe had originally donated their rights to the monks in 1984, the Capuchins recognized the gift as worthless, and John did nothing to enlighten them on the discovery of the ship or the upcoming trial. After later realizing what John was up to, though, the monks must have protested, for on April 10 both John and Grimm signed an agreement with the Capuchins giving the Order one-third of any judgment they (John or Grimm) would recover.

The district court allowed John, Grimm, and Columbia to intervene, but it permitted them no discovery—the Court wanting the trial to begin as scheduled. Earlier, the Court had bifurcated the trial, so that the first part would concern only whether Columbus-America was entitled to finder or salvor status. If the district court found that the insurance companies had somehow abandoned the gold, Columbus-America would be considered its "finder," and thus its owner. On the other hand, if the underwriters had not abandoned the gold, they would still remain its owners and Columbus-America would be its "salvor." If the latter scenario were found to be true, a second phase of the trial would be necessary, wherein the Court would have to determine what each underwriter had insured and the amount of Columbus-

America's salvage award. Because the trial had been bifurcated, the intervenors wanted their claims adjudicated after the finder/salvor issue was decided. The Court, though, would allow intervention only if the would-be intervenors agreed to have their claims adjudicated at the same time as the finder/salvor issue—that is, beginning the next day.

The trial began on schedule, lasted ten days, and received much national attention. Over its course, many witnesses appeared and hundreds of exhibits were entered into evidence. The parties then began an anxious wait for a decision.

On August 14, 1990, the Court found for Columbus-America on all the issues, dismissing the claims of the underwriters, Columbia, John, and Grimm. *Columbus-America Discovery Group v. The Unidentified, Wrecked and Abandoned Sailing Vessel*, 742 F.Supp. 1327 (E.D. Va.1990). On the finder/salvor issue, the district court held that the underwriters had abandoned the gold, and thus Columbus-America was its finder and sole owner. The Court based this finding of abandonment primarily on the supposed fact that the underwriters had *intentionally* destroyed any documentation they had once had concerning the case. *Id.* at 1344-48. As for the intervenors, the Court found that they failed to prove that the information furnished Thompson could have assisted in locating the ship, that Columbus-America used this information in anyway, or "even if the information was of value and was used, that any such use would entitle them to share in any recovery." *Id.* at 1341.

The underwriters and the intervenors now appeal.

II.

A.

Historically, courts have applied the maritime law of salvage when ships or their cargo have been recovered from the bottom of the sea by those other than their

owners. Under this law, the original owners still retain their ownership interests in such property, although the salvors are entitled to a very liberal salvage award. Such awards often exceed the value of the services rendered, and if no owner should come forward to claim the property, the salvor is normally awarded its total value. On salvage generally, see 3A M. Norris, *Benedict on Admiralty: The Law of Salvage* (7th ed. rev. 1991).

A related legal doctrine is the common law of finds, which expresses "the ancient and honorable principle of 'finders, keepers.'" *Martha's Vineyard*, 833 F.2d at 1065. Traditionally, the law of finds was applied only to maritime property which had never been owned by anybody, such as ambergris, whales, and fish. 3A *Benedict on Admiralty* § 158, at 11-15. A relatively recent trend in the law, though, has seen the law of finds applied to long lost and abandoned shipwrecks. *Id.* § 158, at 11-16 to 11-18.

Courts in admiralty favor applying salvage law rather than the law of finds. As has been succinctly stated by Judge Abraham D. Sofaer:

> The law of finds is disfavored in admiralty because of its aims, its assumptions, and its rules. The primary concern of the law of finds is title. The law of finds defines the circumstances under which a party may be said to have acquired title to ownerless property. Its application necessarily assumes that the property involved either was never owned or was abandoned. . . . To justify an award of title (albeit of one that is defeasible), the law of finds requires a finder to demonstrate not only the intent to acquire the property involved, but also possession of that property, that is, a high degree of control over it.
>
> These rules encourage certain types of conduct and discourage others. A would-be finder should be expected to act acquisitively, to express a will to own by acts designed to establish the high degree of control required for a finding of possession. The would-

> be finder's longing to acquire is exacerbated by the prospect of being found to have failed to establish title. If either intent or possession is found lacking, the would-be finder receives nothing; neither effort alone nor acquisition unaccompanied by the required intent is rewarded. . . . Furthermore, success as a finder is measured solely in terms of obtaining possession of specific property; possession of specific property can seldom be shared, and mere contribution by one party to another's successful efforts to obtain possession earns no compensation.
>
> Would-be finders are encouraged by these rules to act secretly, and to hide their recoveries, in order to avoid claims of prior owners or other would-be finders that could entirely deprive them of the property.

Hener v. United States, 525 F.Supp. 350, 356 (S.D.N.Y. 1981).

In sharp contrast to "the harsh, primitive, and inflexible nature of the law of finds" is the law of salvage.

> Admiralty favors the law of salvage over the law of finds because salvage law's aims, assumptions, and rules are more consonant with the needs of marine activity and because salvage law encourages less competitive and secretive forms of conduct than finds law. The primary concern of salvage law is the preservation of property on oceans and waterways. Salvage law specifies the circumstances under which a party may be said to have acquired, not title, but the right to take possession of property (e.g., vessels, equipment, and cargo) for the purpose of saving it from destruction, damage, or loss, and to retain it until proper compensation has been paid.
>
> Salvage Law assumes that the property being salved is owned by another, and thus that it has not been abandoned. Admiralty courts have adhered to

> the traditional and realistic premise that property previously owned but lost at sea has been taken involuntarily out of the owner's possession and control by the forces of nature at work in oceans and waterways; in fact, property may not be "salvaged" under admiralty law unless it is in some form of peril. . . .
>
> Salvage law requires that to be a salvor a party must have the intention and the capacity to save the property involved, but the party need not have the intention to acquire it. Furthermore, although the law of salvage, like the law of finds, requires a salvor to establish possession over property before obtaining the right to exclude others, "possession" means something less in salvage law than in finds law. In the salvage context, only the right to compensation for service, not the right to title, usually results; "possession" is therefore more readily found than under the law of finds. . . . Moreover, unlike the would-be finder, who is either a keeper or a loser, the salvor receives a payment, depending on the value of the service rendered, that may go beyond quantum meruit. Admiralty's equitable power to make an award for salvage—recognized since ancient times in maritime civilizations—is a corollary to the assumption of nonabandonment and has been applied irrespective of the owner's express refusal to accept such service. . . .
>
> These salvage rules markedly diminish the incentive for salvors to act secretly, to hide their recoveries, or to ward off competition from other would-be salvors. . . . In short, although salvage law cannot alter human nature, its application enables courts to encourage open, lawful, and cooperative conduct, all in the cause of preserving property (and life).

Id. at 357-58; *see also* 3A *Benedict on Admiralty* § 158, at 11-15 to 11-16.

Today, finds law is applied to previously owned sunken property only when that property has been abandoned by its previous owners. Abandonment in this sense means much more than merely leaving the property, for it has long been the law that "[w]hen articles are lost at sea the title of the owner in them remains." *THE AKABA*, 54 F. 197, 200 (4th Cir. 1893); *see also* 3A *Benedict on Admiralty* § 158, at 11-1 to 11-2; *Hener*, 525 F.Supp. at 357; *Wilkie, et al. v. Two Hundred and Five Boxes of Sugar*, 29 F.Cas. 1247 (D.S.C. 1796) (No. 17,662). Once an article has been lost at sea, "lapse of time and nonuser are not sufficient, in and of themselves, to constitute an abandonment." *Wiggins v. 1100 Tons, More or Less, of Italian Marble*, 186 F.Supp. 452, 456 (E.D. Va. 1960); *see also Wilkie*, 29 F.Cas. at 1247 (length of time does not divest an original owner of his derelict property at sea). In addition, there is no abandonment when one discovers sunken property and then, even after extensive efforts, is unable to locate its owner. *Weber Marine, Inc. v. One Large Cast Steel Stockless Anchor and Four Shots of Anchor Chain*, 478 F.Supp. 973, 975 (E.D.La. 1979).

While abandonment has been simply described as "the act of deserting property without hope of recovery or intention of returning to it," *Nunley v. M/V DAUNTLESS COLOCOTRONIS*, 863 F.2d 1190, 1198 (5th Cir. 1989), in the lost property at sea context, there is also a strong *actus* element required to prove the necessary intent. *Zych v. The Unidentified, Wrecked and Abandoned Vessel*, 755 F.Supp. 213, 214 (N.D.Ill. 1990); *THE NO. 105*, 97 F.2d 425, 426 (5th Cir. 1938). "Abandonment is said to be a voluntary act which must be proved by a clear and unmistakable affirmative act to indicate a purpose to repudiate ownership." *THE PORT HUNTER*, 6 F.Supp. 1009, 1011 (D.Mass. 1934). The proof that need be shown must be "strong . . ., such as the owner's express declaration abandoning title." T. Schoenbaum, *Admiralty and Maritime Law* § 15-7, at 512 (1987); *Hener*, 525

F.Supp. at 357; 3A *Benedict on Admiralty* § 158, at 11-16; *see also Brady v. The Steamship AFRICAN QUEEN*, 179 F.Supp. 321, 324 (E.D.Va. 1960) (the law of finds should be applied only in "extreme cases where the property is wholly derelict and affirmatively abandoned by the owners and the underwriters"); and *Zych*, 755 F.Supp. at 214 ("A finding of abandonment must be supported by strong and convincing evidence").

There are only a handful of cases which have applied the law of finds, all of which fit into two categories. First, there are cases where owners have expressly and publicly abandoned their property. *See, e.g., Nunley*, 863 F.2d at 1199; *State ex rel. Ervin v. Massachusetts Co.*, 95 So.2d 902 (Fla. 1956), *cert. denied*, 355 U.S. 881, 78 S.Ct. 147, 2 L.Ed.2d 112 (1957); *Nippon Shosen Kaisha, K.K. v. United States*, 238 F.Supp. 55 (N.D.Cal. 1964); *Brady*, 179 F.Supp. at 322. In the second type of case, items are recovered from ancient shipwrecks and no owner appears in court to claim them. Such circumstances may give rise to an inference of abandonment, but should an owner appear in court and there be no evidence of an express abandonment, the law of salvage must be applied. We agree with the author of *Admiralty and Maritime Law* that:

> In the treasure salvage cases, often involving wrecks hundreds of years old, the inference of abandonment may arise from lapse of time and nonuse of the property, or there may even be an express disclaimer of ownership. This calls for the application of the law of finds. By contrast, parties who intend to assert a claim of ownership may be identified. In such a case the law of salvage is applied.

§ 15-7, at 514 (footnotes omitted); *see also Hatteras, Inc. v. THE U.S.S. HATTERAS*, 1984 A.M.C. 1094, 1097 n. 5 (S.D.Tex. 1981) ("While mere nonuse of property and lapse of time without more do not establish abandonment, they may, under circumstances where the owner has other-

wise failed to act or assert any claim to property, support an inference of intent to abandon").

The case below appears to be the only reported decision involving salvaged treasure from ancient shipwrecks wherein a court has applied the law of finds despite the fact that the previous owner appeared in court. In all other finds law cases, no prior owner has appeared. One example is the *Treasure Salvors* set of cases, all of which involved the salvage of Spanish treasure ships sunk off the Florida Keys in 1622. Widely quoted is the Fifth Circuit's phrase that "[d]isposition of a wrecked vessel whose very location has been lost for centuries as though its owner were still in existence stretches a fiction to absurd lengths." *Treasure Salvors, Inc. v. The Unidentified Wrecked and Abandoned Sailing Vessel*, 569 F.2d 330, 337 (5th Cir. 1978). Yet the Court there also took the trouble to note that it had been stipulated by all parties involved that the original owners had abandoned the wrecks, and the district court also made mention of the fact that, "The modern day government of Spain has expressed no interest in filing a claim in this litigation as a successor-owner." *Id.* at 336 n. 9; *Treasure Salvors, Inc. v. The Unidentified, Wrecked and Abandoned Sailing Vessel*, 556 F.Supp. 1319, 1334 n. 2 (S.D.Fla. 1983). Another Spanish wreck, this time from the 1715 Plate Fleet, was involved in *Cobb Coin Co., Inc. v. The Unidentified, Wrecked and Abandoned Sailing Vessel*, 525 F.Supp. 186 (S.D.Fla. 1981), and there the Spanish government again made no claim of ownership.

In *Martha's Vineyard, supra*, which concerned the salvage of the S.S. REPUBLIC, a ship that "plummeted to a watery grave in 1909," the First Circuit made it a point to state that, "After petitioner brought its action *in rem* in the district court, no person or firm appeared to assert any overall claim of ownership." 833 F.2d at 1065. Likewise *Massachusetts v. Maritime Underwater Surveys, Inc.*, 403 Mass. 501, 531 N.E.2d 549 (1988), which involved

salvage of "the notorious pirate ship WHYDAH," a vessel that sank in a storm off Cape Cod in April of 1717. There, the Supreme Judicial Court of Massachusetts noted that "American courts have applied the law of finds, rather than the law of salvage, in cases involving ancient shipwrecks where no owner is likely to come forward," *id.* 531 N.E.2d at 551, apparently after descendants of the illfated pirates made no attempt to rush into court and claim the booty.[2]

An example of a treasure salvage case where the original owner, or its successor in interest,[3] appeared and salvage law was applied is *Zych, supra.* In this case, the LADY ELGIN sank in 1860 on Lake Michigan, and claims were paid on the vessel and its cargo by Aetna Insurance Company. Because of the recent advances in technology necessary for deep water salvage, an independent salvor located the ship in the late 1980s and he, claiming finder status, attempted to have the district court declare him the owner. This claim was disputed by the Lady Elgin

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[2] The other reported cases where no owner appeared and the law of finds was applied are *Klein v. The Unidentified Wrecked and Abandoned Sailing Vessel*, 758 F.2d 1511 (11th Cir. 1985) (Eighteenth Century English vessel); *Wiggins, supra*, (Norwegian bark carrying Italian marble which sank in 1894, *Rickard v. Pringle*, 293 F.Supp. 981 (E.D.N.Y. 1968) (propeller from a 1902 shipwreck); *Chance v. Certain Artifacts Found and Salvaged From the NASHVILLE a/k/a the RATTLESNAKE*, 606 F.Supp. 801 (S.D.Ga. 1984), *aff'd*, 775 F.2d 302 (11th Cir. 1985) (privately owned Confederate pirate ship sunk in 1863); and *Indian River Recovery Co. v. THE CHINA*, 645 F.Supp. 141 (D.Del. 1986) (Nineteenth Century vessel).

[3] Throughout our case, Columbus-America has made numerous mentions of the fact that the insurance underwriters are not the "original" owners of the gold, but rather assumed their ownership interests through subrogation. While Columbus-America appears to want the insurers to possess only some type of second-class ownership interest in the gold, this is clearly not the law. Absent abandonment, insurance underwriters, or even those to whom the underwriters assign their interests—see, e.g., *Zych, supra*—retain the same interests as the "original" owners.

Foundation, to which Aetna's successor, CIGNA, had transferred its ownership interests in the wreck in April of 1990. The court, after noting "the law's hesitancy to find abandonment and the concomitant requirement that abandonment be supported by strong and convincing evidence," found that the vessel had not been abandoned. Aetna's successor in interest, the Lady Elgin Foundation, still retained its ownership interest, and the law of salvage, not finds, was applied. As for the 130 years during which no salvage was attempted, the court found that "Aetna was not required to engage in efforts to recover the wreck in order to avoid abandoning its interest when such efforts would have had minimal chances for success." 755 F.Supp. at 216.

In maintaining the position that previous owners can abandon sunken vessels even without any affirmative acts, Columbus-America relies especially on two state supreme court cases decided before the Civil War, *Eads v. Brazelton*, 22 Ark. 499 (1861) and *Wyman v. Hurlburt*, 12 Ohio 81 (1843). *Eads* involved the steamboat AMERICA which partially sank in the Mississippi River in 1827. The boat contained much valuable property, and in the two weeks after its sinking the owners conducted salvage operations in which they rescued all of the fur and government-owned specie on board, as well as one-half of the six hundred pigs of lead and a portion of the shot. Also, all of the machinery of the ship, including the boilers, was successfully removed. After this salvage, the owners physically abandoned the wreck and two years later an island began forming about it, on which trees would eventually grow to a height of thirty or forty feet.

The actual case concerned which of two would-be finders/salvors owned the remaining pigs of lead. As for the original owners, the Court declared that the cargo had been abandoned and then, in dicta, noted that "in extreme cases property wholly derelict and abandoned has been held to belong to the finder against the former owner." *Id.* at 509. Such was not the case here, though, for the

former owners made no attempt to claim an ownership interest in the lead.[4] Because the boat and its contents were partially salvaged shortly after the wreck, the remaining cargo was easily salvageable for at least two years thereafter, and, most importantly, the original owners made no claim to the property once the remaining lead was salvaged, we find *Eads* inapposite.

The facts of *Wyman* are more on point, although we doubt its precedential value. There, a schooner, THE G.S. WILLIS, sank in Lake Erie during the fall of 1835. The next year it was raised by another party and $865 in specie was discovered in the cabin. Truman Wyman, the original owner of this money, then filed an action of trover in Ohio state court against the finders/salvors. The case was tried before a jury in the Supreme Court of Ashtabula County, and they returned a special verdict which included the finding that "at the time the said schooner was seized by the defendants, the same was abandoned by the plaintiff, and that said schooner was, on the day and year aforesaid, derelict property, and when found in the bottom of the Lake was worth nothing." 12 Ohio at 85.

A majority of the Ohio Supreme Court held for the finders/salvors, awarding them the entire amount. The Court based this decision on the jury's finding of abandonment, which the majority supposed was intended "to be understood that all hope, expectation, and intention to recover the property were utterly and entirely relinquished." *Id.* at 86-87. A seventy-two word dissenting opinion was filed, though, by Chief Justice Ebenezer Lane. Lane was "not entirely certain that [his brethren] adopt[ed] the true sense of the word 'abandoned,' [as it was employed] in the special verdict." Instead, the Chief Justice was "incline[d] to think the jury meant nothing

[4] In fact, the only person originally connected with THE AMERICA who was mentioned by the Court, its Captain, Swan, far from claiming any ownership interest in the boat, actually supplied information to one of the salvors as to the location of the wreck.

more than a want of the plaintiff's pursuing active measures to reclaim his property, and not a positive relinquishment of his right. If this be the true meaning, it would change the judgment." *Id.* at 88.

Because of the meager information supplied by the court, it is impossible to know which of Wyman's acts, or omissions, the jury relied on in finding an abandonment. Also, like Chief Justice Lane, we find it difficult to know exactly what the jury meant when it found the ship to have been "abandoned." What is clear, though, is that the Chief Justice was entirely correct when he stated that an abandonment of sunken cargo so as to lose possession must be shown not by the mere cessation of attempts to recover, but by the owner's positive relinquishment of his rights in the property. We find that this is the only principle of note to be gleaned from *Wyman*.[5]

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[5] Columbus-America aslo cites two other cases for the proposition that mere nonuse and lapse of time can lead to an abandonment, but neither of these cases lends any support to this argument.

In *Howard v. Sharlin*, 61 So.2d 181 (Fla. 1952), the Supreme Court of Florida wrote an extraordinarily cryptic opinion from which it is difficult to ascertain any legal principle. Supposedly the plaintiff claimed an ownership interest in a derelict vessel, the schooner GENESSEE. It is not clear, though, how the vessel became derelict, where it was located, or under what circumstances the plaintiff obtained his supposed interest. The defendant, who had apparently salvaged the lead keel of the ship, claimed in reply that the plaintiff did not possess title or, alternatively, that the vessel had been abandoned. The Court laconically settled the issues by stating:

> The testimony on the issues was voluminous, and no useful purpose would be served in here relating it. From our examination thereof, we have concluded that, regardless of the status of plaintiff's title, the evidence showed conclusively that there was an abandonment of the vessel "Genessee" and that she was a derelict at the time the defendant undertook to salvage the lead from her keel.

Id. at 181.

If it is possible, the other case, *Steinbraker v. Crouse*, 169 Md. 453, 182 A. 448 (1936), lends even less support to Columbus-America's proposition. There, the Western Marine & Salvage Com-

In conclusion, when sunken ships or their cargo are rescued from the bottom of the ocean by those other than the owners, courts favor applying the law of salvage over the law of finds. Finds law should be applied, however, in situations where the previous owners are found to have abandoned their property. Such abandonment must be proved by clear and convincing evidence, though, such as an owner's express declaration abandoning title. Should the property encompass an ancient and longlost shipwreck, a court may infer an abandonment. Such an inference would be improper, though, should a previous owner appear and assert his ownership interest; in such a case the normal presumptions would apply and an abandonment would have to be proved by strong and convincing evidence.

B.

Before addressing whether the district court correctly found that the insured shipments of gold were abandoned

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pany ("Western Marine") in 1923 purchased 232 vessels which had formerly been federal government property. Western Marine stripped the vessels of all easily removable metal and then towed 169 of the hulls into Mallow's Bay, Charles County, Maryland. The hulls were then burned to the water's edge, after which they were pulled close to the shore so that metal salvaging could continue. Around March of 1931, though, Western Marine ceased its salvaging efforts and departed from the area, leaving behind only a security guard to look after its salvaging equipment on land. The next year, Western Marine sold both the land surrounding the wrecks and its equipment. After formal salvaging efforts had ceased, many local citizens began diving into Mallow's Bay to recover scrap metal from the wrecks. This continued openly for over two years, and although hundreds of tons of metal were removed and sold, Western Marine did nothing to stop the salvors nor did they demand any compensation. The price of metal began to rise, though, in 1934, and late that year Harry Steinbraker, a scrap dealer, contacted Western Marine and purchased its rights to the metal. Steinbraker then sought to enjoin the local salvors from their work, but the Maryland Supreme Court found that Western Marine had abandoned the hulls. Of course, it is foolhardy to attempt comparison between these facts and those in which a ship is involuntarily lost upon the high seas and salvage is not humanly possible for at least 125 years.

by the underwriters, several points should be noted. First, the CENTRAL AMERICA herself was self-insured, and successors in interest to the U.S. Mail and Steamship Company have made no attempt to claim an ownership interest in the wreck. Also, there appears to have been a fairly significant amount of passenger gold aboard, but this case, almost surprisingly, has failed to see descendants of any of the passengers attempt to gain a share of the treasure. Thus, an abandonment may be found, and Columbus-America may be declared the finder and sole owner, as to any recovered parts of the ship, all passenger possessions, and any cargo besides the insured shipments.[6]

As for the insured gold, to *prima facially* prove their ownership interests at trial, the underwriters produced several original documents: entries from the Atlantic Mutual's Vessel Disasters Book concerning the disaster (one of which contained the scribbled notation, "e[stimated] l[oss] $150,000"); records of Board resolutions to pay claims; minutes from an underwriters' board meeting discussing the CENTRAL AMERICA; a study prepared by the New York Board of Underwriters regarding the disaster; and the salvage contract between the underwriters and Brutus de Villeroi. The insurers also produced a great many period newspaper articles. These discussed the amount of treasure on board; the insurers of this treasure and the amounts they insured; the willingness of the insurers to pay off claims; the general satisfaction the insureds received from having their claims promptly settled; and the salvage negotiations between the underwriters and the Boston Submarine Armor Company.

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[6] Should Columbus-America be able to prove, for example from a location on the ocean floor inconsistent with the bulk of the treasure, that certain gold was, more likely than not, passenger gold, rather than part of the insured shipment, this gold should be awarded to Columbus-America in its entirety. Also, should more than $1,219,189 (1857 valuation) of gold be rescued, Columbus-America should be found the owner of any surplus.

On appeal, Columbus-America exerts much effort in asserting that there exists insufficient evidence to prove that the underwriters who are now parties in this litigation actually insured and paid off claims upon the gold. The lower court, though, found *prima facially* that the underwriters did insure the treasure and that they received ownership interests in the gold once the claims were paid. Because of the extent of the catastrophe involved, and its feared repercussions in the American economy, newspapers around the country devoted much space and attention not only to the human aspects of the tragedy, but also the financial. Articles abounded on the quantity of gold aboard, its owners, and its insurers. Some of these articles do contradict others as to the exact amount certain underwiters insured. Still, we find that the district court did not err when it held that the underwriters who are now parties, or their predecessors in interests, paid off claims upon and became the owners of the commercial shipment of gold in 1857.

Despite finding that the underwriters owned the gold in 1857, the district court applied the law of finds and awarded Columbus-America the entire treasure. This was because at some point the insurers had abandoned their interests in the gold. On appeal, Columbus-America asserts that the lower court found an abandonment because of "20 distinct factors." It is clear, though, that the Court ruled as it did because of only two: the underwriters did nothing to recover the gold after 1858, and they supposedly destroyed all documentation they had regarding payment of claims for the gold.

During trial, the underwriters did not produce any of the original insurance contracts with the insureds, statements from shippers that goods were aboard, bills of lading, or canceled checks or receipts from paying off the claims. While such documents would have existed in 1857, none could be located in 1990. Thus, because an insurance executive testified that the usual practice *today* is for in-

surance companies to destroy worthless documents after five years, the district court found that the above documentation concerning the CENTRAL AMERICA must have been intentionally destroyed in the ordinary course of business. Such destruction, coupled with 130 years of nonuse, equalled, according to the Court, an abandonment. Specifically:

> The insurance carriers destroyed their records relating to the events of the Central America. Exactly when is not shown, but evidence establishes it was their custom to keep records for some five year periods, and thereafter destroy them. However, one expert in marine insurance testified that if a company intended to assert its right to subrogation, it always maintained its documents of proof of the claim and that it had paid the claim, and the fact it disposed of such documents was an indication it abandoned its claim. It is difficult to believe that a company claiming an asset or property worth $150,000.00 in the 1800's or even early 1900's would destroy all evidence of its claim if it had any intention to pursue it, or any hope of recovery. How could one better demonstrate their intention to abandon a claim to or interest in property than to intentionally destroy every evidence of its claim, right or title thereto. . . . They deliberately destroyed every document that would in any way show they had an interest in such a claim and had any intention to pursue it. Why? Their actions speak clearly. They had no hope or idea they could locate the Central America, and even if they could locate it, they had no hope they could recover anything from it. They destroyed the documents and intended thereby to abandon any claim they might have.
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> . . . A clear intention of abandonment is given when all records or memorandum of the property are deliberately destroyed and no effort is made or under-

taken to locate or recover the property for over a hundred years.

742 F.Supp. at 1344-45, 1348.

Contrary to the district court, we cannot find any evidence that the underwriters intentionally or deliberately destroyed any of their documents about the CENTRAL AMERICA. Instead, the only evidence we have is that after 134 years, such documents that may have once existed can no longer be located. With such a passing of time, it seems as, if not more, likely that the documents were lost or unintentionally destroyed, rather than being intentionally destroyed.

As has been mentioned above, a case very similar to ours is *Zych*, *supra*. There, in an opinion handed down after our case was decided below, the Northern District of Illinois held that the insurance company in question did not at any time abandon its interests in the wreck of THE LADY ELGIN prior to its 1990 contract with the foundation. In that case, the only evidence presented as to the actual insurance was six letters found in one of Aetna's letter books. Interestingly, no insurance documents, bills of lading, or claims documents were entered into evidence. The Court, though, distinguished its case from ours, as ours was related by our lower court's opinion, by explaining: "This case, of course, differs from *Columbus-America* in that there is no affirmative act, such as the destruction of documents, which indicates an intent by Aetna to abandon the wreck." 755 F.Supp. at 216. The Court did not explain, nor did it seem perturbed by, the loss of all of Aetna's documents concerning THE LADY ELGIN other than the six letters.

It is undoubtedly true that in our case some of the insurance documents from 134 years ago are missing. Yet, the underwriters did present several other original documents from their files concerning this case, and in at least one instance all the documents in an insurer's

file on the CENTRAL AMERICA were stolen by a would-be salvor. Also, almost all of the evidence in the record actually seems to indicate a specific predisposition on the underwriters' part not to abandon the treasure.

Shortly after the disaster, the underwriters negotiated with a salvage company about rescuing the gold, and the next year a salvage contract was formed between two of the insurers and Brutus de Villeroi. Nothing came of these efforts, and the issue lay dormant for 120 years. Still, it appears that the gold was not totally forgotten, for when the Atlantic Mutual Insurance Company ("Atlantic Mutual") wrote its official history in 1967, it devoted a couple of pages to the CENTRAL AMERICA tragedy and the company's salvage contract with de Villeroi.

Because of drastic advances in deep water salvage, the late 1970s witnessed a good many would-be salvors contacting various underwriters regarding the CENTRAL AMERICA. Atlantic Mutual and The Insurance Company of North America ("INA") opened their archives to these salvors, and several in turn sought to form salvage arrangements with the insurers. In particular was a Norman Scott, who, in 1978, claimed to have located the CENTRAL AMERICA. He approached Atlantic Mutual and INA in reference to forming a salvage contract, and they in turn proceeded to hire a New York law firm to locate the other underwriters and begin salvage negotiations. Scott, though, was mistaken as to his discovery, and no contract was ever formed.

Throughout the early and mid-1980s, would-be salvors continued to contact the underwriters for information on the wreck. Salvage contracts were sporadically discussed, but at no time did the insurers ever agree to abandon their ownership interests in the gold.[7] As late as 1987,

[7] One typical example is from 1980, when an Edwin R. Fite of Pascagoula, Mississippi, contacted Atlantic Mutual for information on the CENTRAL AMERICA, and also inquired as to "how much

INA was negotiating a salvage contract with Boston Salvage Consultants, Inc., whereby INA would receive two percent of any treasure recovered—before the parties could enter into a contract, though, the district court enjoined (through injunction box #1) these and other salvors from working in the area where it was then thought the wreck lay. In addition, not only the American insurers, but also the British, entered into various salvage negotiations, the latter through their Salvage Association.

It is ironic that one of the salvors who contacted the underwriters in the 1980s was Columbus-America itself. The eventual salvor used Atlantic Mutual's extensive library for research and then, in 1987, it, through an attorney, wrote the following enigmatic letter to many of the underwriters:

> We are writing to a number of insurance companies on behalf of one of our clients. Our client is acquiring the rights to various 19th Century marine wrecks. If [your company] claims or asserts any interest in vessels or cargo which were wrecked in the Atlantic Ocean during the 19th Century and would consider conveying its claim or asserted interest, please get in touch with me.
>
> Our client would also be interested in obtaining or seeing any existing records upon which [your company] might assert a claim to any 19th Century wrecked vessel or its cargo.

Of course, none of the underwriters responded affirmatively to such a broad and mystifying request.[8]

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it would cost to purchase the insurance claims to this wreck?" Atlantic Mutual responded by suggesting that Mr. Fite contact the law firm it had hired for such requests, and the letter also stated, "we are not interested in relinquishing any rights with respect to the cargo."

[8] Atlantic Mutual did write back and request additional information, and when this was furnished, the insurer responded, "It is our

In conclusion, when a previous owner claims long lost property that was involuntarily taken from his control, the law is hesitant to find an abandonment and such must be proved by clear and convincing evidence. Here, we are unable to find the requisite evidence that could lead a court to conclude that the underwriters affirmatively abandoned their interest in the gold. Thus, we hold that the lower court clearly erred when it found an abandonment and applied the law of finds. Accordingly, the case is remanded to the district court for further proceedings.

C.

On remand, the district court is to apply the law of salvage, and in so doing it must determine what percentage of the gold each underwriter insured. Equally, if not more, important, the Court must also determine the proper salvage award for Columbus-America. Although this is a decision that must be left to the lower court, we are hazarding but little to say that Columbus-America should, and will, receive by far the largest share of the treasure.

In setting a salvage award, a court of admiralty becomes a court of equity. *THE BOSTON*, 3 F.Cas. 932, 937 (C.C.D.Mass.1833) (No. 1,673) (Story, J.) Such an award "is a compensation for meritorious services, [and] it may properly be increased, diminished, or wholly forfeited, according to the merit or demerit of the salvor, in his relation to the property saved." W. Marvin, *A Treatise on the Law of Wreck and Salvage* § 218, at 226 (1858). An award for salvage "generally far exceeds a mere remuneration *pro opere et labore*—the excess being intended, upon principles of sound public policy, not only as a reward to the particular salvor, but, also, as an inducement to others to render like services."

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intention to retain any rights that may be due us under general maritime law (or otherwise) and accordingly we do not wish to convey any claims or interest to your client."

Id. § 97, at 105; *see also Mason v. THE BLAIREAU*, 6 U.S. (2 Cranch) 240, 266, 2 L.Ed. 266 (1804).

The Supreme Court has listed six "main ingredients" admiralty courts use when fixing an award for salvage:

> (1.) The labor expended by the salvors in rendering the salvage service. (2.) The promptitude, skill, and energy displayed in rendering the service and saving the property. (3.) The value of the property employed by the salvors in rendering the service, and the danger to which such property was exposed. (4.) The risk incured by the salvors in securing the property from the impending peril. (5.) The value of the property saved. (6.) The degree of danger from which the property was rescued.

THE BLACKWALL, 77 U.S. (10 Wall) 1, 13-14, 19 L.Ed. 870 (1869).

We thoroughly agree with all six and, in cases such as this, would add another: the degree to which the salvors have worked to protect the historical and archeological value of the wreck and items salved. In *MDM Salvage, Inc. v. The Unidentified, Wrecked and Abandoned Sailing Vessel*, 631 F.Supp. 308 (S.D.Fla.1986), the Southern District of Florida held that such a factor may be heavily considered when exclusive salvage rights are sought.[9] This same court has also stated that, "federal admiralty

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[9] The Court stated:

> No party in this action has engaged in independent historical research . . . [n]or has any party made a real effort to preserve the archaeological integrity of the purported wreck site. . . . Archaeological preservation, onsite photography, and the marking of sites are particularly important in the instant context, as the public interest is compelling in circumstances in which a treasure ship, constituting a window in time provides a unique opportunity to create a historical record of an earlier era. These factors constitute a significant element of entitlement to be considered when exclusive salvage rights are sought.

631 F.Supp. at 310.

procedures sanction salvaging methods which fail to safeguard items and the invaluable archeological information associated with the artifacts salved." *Cobb Coin*, 525 F.Supp. at 208. We agree, and would only add that the converse to this latter statement is also true—salvors who seek to preserve and enhance the historical value of ancient shipwrecks should be justly rewarded.

From a distance, it appears that all seven of these considerations militate towards awarding Columbus-America a significant portion of the recovered gold. Of course, it will be up to the district court to determine if this is actually the case and what salvage award should be given.

As for the logistics in making a salvage award, we believe that in a case such as this, an award *in specie* would be proper. *See, e.g.*, *Cobb Coin*, 525 F.Supp. at 198 (when items salvaged are "uniquely and intrinsically valuable beyond their monetary worth, an award *in specie* is more appropriate"). Also, because salvaging efforts have not been completed, the lower court might want to consider denominating the award as a percentage of the total recovery, rather than as a set monetary amount should a specific monetary award be set too high, the underwriters could end up receiving nothing, while if an award is set too low, Columbus-America would have a disincentive to completely recovering the gold.

No matter what exact award is given, though, we are confident that Columbus-America will be justly rewarded for its extensive efforts in salvaging the CENTRAL AMERICA.

III.

The final issue on appeal concerns the claims of the intervenors, Columbia, John, and Grimm. At trial, the district court held that for the intervenors to be eligible for any recovery, they had to prove that Columbus-America made use of the information provided and that

such "information lead to or assisted in locating the CENTRAL AMERICA." The Court then dismissed the intervenors' claim, finding that "there [was] no credible evidence in the record to establish either of these as a fact." 742 F.Supp. at 1339-40. On appeal, the intervenors claim that the reason such evidence was not in the record is that once intervention was allowed, the district court abused its discretion by not allowing any pretrial discovery.

The district court allowed Columbia, John, and Grimm to intervene, but only on the condition that they would begin trial the next day, thereby foregoing all pretrial discovery. Columbus-America now defends the Court's decision by stating that because the would be intervenors waited until the eve of trial to attempt intervention, the Court had it within its discretion to deny the intervention, and thus, *a fortiori*, the Court also had the discretion to limit discovery. Whether the district court could have denied the intervention motion because of timeliness is an interesting question not before us.[10] Even if the intervention could have been denied, though, it does not follow that once intervention was allowed the Court could effectively deny all discovery.

When granting an application for permissive intervention, a federal district court is able to impose almost

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[10] After Columbus-America reported finding the CENTRAL AMERICA in 1987, the intervenors had no reason to follow the case because the Court's first injunction box covered an area of the ocean approximately thirty miles from where Dr. Ryan had surveyed. In 1989, though, Columbus-America realized it had been salvaging the wrong ship and thus went to court and received a second injunction, this one covering the area where the ship actually lay. Columbus-America published the coordinates of this new area in its Supplemental Rule C notice in the *Virginia Pilot and Ledger Star* on September 7, 1989. While such publication is to give constructive notice, the intervenors did not have actual notice until February 1990, less than two months before they filed their petitions to intervene.

any condition, including the limitation of discovery. *See* 7C C. Wright, A. Miller & M. Kane, *Federal Practice and Procedure* § 1922, at 50205 (2d ed. 1986). The intervention here, though, was an intervention of right, and historically most courts and commentators have held that conditions cannot be imposed on such intervention. *Id.* § 1922, at 505. In general, intervenors of right "assume the status of full participants in a lawsuit and are normally treated as if they were original parties once intervention is granted." *District of Columbia v. Merit Systems Protection Board*, 762 F.2d 129, 132 (D.C.Cir. 1985).

The Advisory Committee Note to the 1966 amendment of Federal Rule of Civil Procedure 24(a) states that, "An intervention of right under the amended rule may be subject to appropriate conditions or restrictions responsive among other things to the requirements of efficient conduct of the proceedings." At least one prominent commentator, though, has questioned this conclusion, noting that the Committee "cites no authority for [its] statement." 7C *Federal Practice and Procedure* § 1922, at 505-06. Still, several courts have followed the Committee's advice and imposed reasonable conditions of a housekeeping nature. *Id.* § 1922, at 506-07. Presently, we need not decide if such conditions are ever proper, for we find that the Court's denial of discovery here was clearly unreasonable.

While the efficient administration of justice is always an important consideration, fundamental fairness to every litigant is an even greater concern. In *Freehill v. Lewis*, 355 F.2d 46, 48 (4th Cir.1966), we stated:

> the spirit of the rules does not require that completeness in the exposure of issues in the pretrial discovery proceedings be sacrificed to speed in reaching the ultimate trial on the merits. Delay should be avoided to the extent that it is unnecessary or unreasonable

but adequate time must be allowed for discovery of the facts and assembly of the proof.

Of course, what is ironic about our case is that an unconditional granting of intervention would not have necessarily caused any delay at all. The Court had earlier bifurcated the trial so that the first phase only concerned whether the underwriters had abandoned the gold; should no abandonment be found, a second phase, examining what the underwriters actually insured and setting the proper salvage award, would also be necessary. The intervenors asked the lower court to try their issue during the second phase of the trial, or, if a second phase were not necessary, at some later time. To us, this request appears perfectly logical: the original trial could begin and proceed as scheduled; the intervenors would have a reasonable time for discovery; and the abandonment portion of the trial would not be complicated by the addition of a totally unrelated issue. Also, considering the strong and convincing proof necessary for a finding of abandonment, the necessity of having a second phase should have appeared fairly certain to the district court. The Court, though, denied the intervenors' request and forced them to begin trial without any discovery.

"Due process mandates that a judicial proceeding give all parties an opportunity to be heard on the *critical and decisive allegations* which go to the *core* of the parties' claim or defense and to present evidence on the contested facts." *Complaint of Bakers Trust Company*, 752 F.2d 874, 890 (3d Cir.1984) (emphasis in original). Also, we agree with Justice Black that, "No judge is granted power . . . to completely deny a party all opportunity to take depositions or to get affidavits essentially needed to get a fair trial of his case." *First National Bank v. Cities Service Co.*, 391 U.S. 253, 306, 88 S.Ct. 1575, 1601, 20 L.Ed.2d 569 (1968) (Black, J., dissenting). We thus find that the district court abused its discretion by forcing the intervenors to begin trial without an opportunity

for any discovery. Accordingly, this portion of the case is reversed and remanded for discovery and a new trial. Should it be found that Columbus-America used the intervenors' information and such use contributed to the discovery of the CENTRAL AMERICA, a salvage award could be proper.

REVERSED AND REMANDED.

WIDENER, Circuit Judge, dissenting:

I respectfully dissent.

Erasmus is a tough act to follow.

But even tougher is the Supreme Court of the United States.[1]

In *Bessemer City*, of course, the Court emphasized that the findings of fact of a district court, especially when the judge has heard the witnesses *ore tenus* in open court, shall not be set aside unless clearly erroneous, with due regard being given to the opportunity of the trial court to judge the credibility of the witnesses. In that decision, the Court reminded us of several principles that should be repeated here: "a reviewing court [must not] reverse the finding of the trier of fact simply because it is convinced that it would have decided the case differently," 470 U.S. at 573, 105 S.Ct. at 1511; "appellate courts must constantly have in mind that their function is not to decide factual issues *de novo*," 470 U.S. at 573, 105 S.Ct. at 1511; "[w]here there are two permissible views of evidence, the factfinder's choice between them cannot be clearly erroneous," 470 U.S. at 574, 105 S.Ct. at 1511; and "[t]his is so even when the district court's findings do not rest on credibility determinations, but are based instead on physical or documentary evi-

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[1] *Anderson v. Bessemer City*, 470 U.S. 564, 105 S.Ct. 1504, 84 L.Ed.2d 518 (1985).

dence or inferences from other facts." 470 U.S. at 574, 105 S.Ct. at 1511.

In deciding this case, we must couple the deferential standard of review of factual findings set forth in *Bessemer City* with the law, unmentioned in the majority opinion, that a finding of abandonment is a factual finding subject to the clearly erroneous standard. *Nunley v. M/V DAUNTLESS COLOCOTRONIS*, 863 F.2d 1190, 1198 (5th Cir. 1989); see also *Bunge Corp. v. Agri-Trans Corp.*, 542 F.Supp. 961, 969 (N.D.Miss.1982), aff'd in part, vacated in part on other grounds, 721 F.2d 1005 (5th Cir. 1983); *Williamson v. Mennella*, 248 A.D. 911, 290 N.Y.S. 645 (1936); *The Port Hunter*, 6 F.Supp. 1009, 1011 (D. Mass. 1934); *De Bardeleben Coal Co. v. Cox*, 16 Ala.App. 172, 76 So. 409, 410 (1917), cert. denied, 200 Ala. 553, 76 So. 911 (1917); *Steinbraker v. Crouse*, 169 Md. 453, 182 A. 448 (1936); *H.B. Chermside, Jr., Annotation, Rights In and Ownership of Wrecked or Derelict Vessels and Their Contents Not Cast Upon the Shore*, 63 A.L.R.2d 1369, 1373 3[b]; 1 C.J.S. *Abandonment* § 11; *City of New London v. Pequot Point Beach Co.*, 112 Conn. 340, 152 A. 136, 138 (1930) (real property); *Bennett v. Bowers*, 238 Iowa 702, 28 N.W.2d 618, 620 (1947) (real property); *Ray Coal Mining Co. v. Ross*, 169 Iowa 210, 151 N.W. 63, 65 (1915) (lease); *Cadillac Oil & Gas Co. v. Harrison*, 196 Ky. 290, 244 S.W. 669, 671 (1922) (lease); *Anson v. Tietze*, 354 Mo. 552, 190 S.W.2d 193, 196 (1945) (real property); *Newman Signs, Inc. v. Hjelle*, 317 N.W.2d 810, 817 (N.D.1982) (signs); *Llewellyn v. Philadelphia & Reading Coal & Iron Co.*, 308 Pa. 497, 162 A. 429, 430 (1932) (personal property); *McMillin v. Titus*, 222 Pa. 500, 72 A. 240, 244 (1909) (lease); *Jordan v. State*, 107 Tex.Crim. 414, 296 S.W. 585, 587 (1927) (personal property); *Garrett v. South Penn Oil Co.*, 66 W.Va. 587, 66 S.E. 741, 745 (1909) (lease). I am convinced that the majority decision is incorrect in its principal holding that the district court's

factual finding of abandonment was clearly erroneous; in applying the law of salvage to a long lost wreck; in making factual findings as an appellant court; and in erroneously stating the issue to be decided by the district court on remand. In addition, I would hold that the district court did not abuse its discretion in attaching conditions to the untimely motions for intervention.

Finding of Abandonment

In my view, throughout its opinion, the majority has disregarded the rules set forth by the Supreme Court in *Bessemer City*. The majority, in contravention of the mandate that "[w]here there are two permissible views of evidence, the factfinder's choice between them cannot be clearly erroneous," reverses the district court's factual finding as clearly erroneous simply because, in my opinion, "it would have decided the case differently." *Bessemer City*, 470 U.S. at 573-74, 105 S.Ct. at 1511-12.

The district court found as a fact that the property taken from the CENTRAL AMERICA had been abandoned by its owners. I would hold that the district court was not clearly erroneous in making that determination. The circumstances of the insurance companies' failure to retain any indicia of ownership, such as bills of lading or commercial invoices, or to make any attempt to recover the property since 1858, coupled with the passage of more than 100 years, is ample evidence (not to mention details) to support the district court's finding that any claim the insurance companies may have had in the cargo of the CENTRAL AMERICA has been abandoned.

The majority holds that the district court committed clear error in finding abandonment because it was "unable to find the requisite evidence that could lead a court to conclude that the underwriters affirmatively abandoned their interest in the gold, and specifically, the majority could not "find any evidence that the underwriters intentionally or deliberately destroyed any of their documents

about the CENTRAL AMERICA." Majority op. at 467-468. In my opinion, both the district court's finding of abandonment and its specific finding that the underwriters intentionally destroyed the documents are amply supported by the evidence.[2] The majority's holding, by necessary implication, must be that abandonment can only be shown by an express statement by the owner indicating his intention to abandon. This holding, in my opinion, cannot be reconciled with established precedent. Abandonment may be inferred from all of the relevant facts and circumstances and may be deter mined [*sic*] on the basis of circumstantial evidence. See *Hatteras, Inc. v. The U.S.S. Hatteras*, 1984 A.M.C. 1094, 1097 n. 5 (S.D.Tex. 1981) ("A formal declaration is not necessary; abandonment may be inferred from acts and conduct of an owner clearly inconsistent with an intention to return to the property, and from the nature and situation of the property.");

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[2] The majority makes much of the fact that the documents may have been lost or stolen. As I have stated, I think the evidence establishes that the most likely inference is that the documents were destroyed, in the regular course of business, as worthless. In any event, I believe resolution of the question of whether the documents were destroyed or lost is unnecessary to a finding of abandonment. The insurance companies affirmatively abandoned any property interest they had in the cargo of the CENTRAL AMERICA by not maintaining the indicia of ownership they may have had at one time pertaining to the cargo on the CENTRAL AMERICA. We cannot know, more than 100 years after the fact, why the relevant documents are no longer in the possession of the insurance companies. However, we do know that any documentation that may have existed was in the control of the insurance companies and they no longer have these documents. Had they believed that a situation would arise where they would need to prove that they had paid claims on the cargo, they certainly would have taken steps to maintain and protect the documents pertaining to the CENTRAL AMERICA. The fact that the companies do not know when the documents were last in their possession or the circumstances of their removal is sufficient evidence that they viewed the documents as worthless. The obvious inference to be drawn from the fact that the insurance companies did not maintain their documents or any record of their documents is that they had abandoned their claims to the property

City of New London v. Pequot Point Beach Co., 112 Conn. 340, 152 A. 136, 138 (1930) (real property) ("intent [to abandon] may be inferred as a fact from the surrounding circumstances"); *Llewellyn v. Philadelphia & Reading Coal & Iron Co.*, 308 Pa. 497, 162 A. 429, 430 (1932) (personal property) ("intention [to abandon] may, and indeed often must be, inferred from acts"); *Pierce v. Bemis (The Lusitania)*, [1986] 1 Q.B. 384, 389 ("So far as the owners of the contents are concerned, it is a necessary inference from the agreed facts and from the lapse of 67 years before any attempt was made to salve the contents that the owners of the contents abandoned their property"); 1 Am.Jur.2d *Abandoned, Lost and Unclaimed Property* § 40 ("it is not necessary to prove intention to abandon by express declarations or other direct evidence").

Testimony was presented, for example, that the practice of the marine insurance industry is to require that the insured present a commercial invoice and a bill of lading prior to a claim being paid, and that the practice in that industry is much the same today as it was in 1857. The insurance company then retains those documents as proof of ownership with potential salvors. None of the insurers in this action produced any invoices or bills of lading regarding shipments on the CENTRAL AMERICA. (Atlantic Mutual—J.A. 991, 999; London Assurance and the Alliance Assurance Co.—J.A. 1054, 1069; Royal Exchange Assurance—J.A. 1105-1105A; Indemnity Marine Assurance Company J.A. 1131; Salvage Association—J.A. 1153; Insurance Company of America J.A. 1195). The marine insurance companies involved routinely destroyed their records on a periodic basis. However, they do not destroy documents so long as they retain an interest in the cargo of which the documents reflect ownership.[3] It is doubt-

[3] Testimony at trial concerning the companies' document retention policies was typified by an insurance company representative who was asked, "And if you thought there was any hope of recovering

lessly expensive to maintain all records which an insurance business generates, therefore the companies have made the business decision not to keep documents which are unnecessary. The obvious, most logical, and clearly permissible inference from the fact that the insurance companies did not retain any documents pertaining to the CENTRAL AMERICA is that, at some point during the past hundred and thirtyodd years, the companies, giving up any expectation of ever recovering the property, destroyed their documents and, in so doing, evidence their abandonment of their claims to the CENTRAL AMERICA.[4] See *Wyman v. Hurlburt*, 12 Ohio 81, 87 (1843) (vessel is abandoned when "all hope, expectation, and intention to recover the property were utterly and entirely relinquished" by the owner); *U.S. v. Smiley*, 27 F.Cas. 1132, 1134 (Cir.Ct.N.D.Cal. 1864) (Justice Field) (cargo

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goods, you would not let those documents be destroyed, would you?" He replied, "No, I wouldn't."

London Assurance's representative testified that a marine insurance company would keep the documents for so long as the company retained an interest in lost cargo. Representatives for Royal Exchange Assurance and Indemnity Marine Assurance each testified that their company's policy was to retain documents for so long as it feels they are necessary and disposed of only when they serve no purpose whatsoever.

[4] The majority writes that because of the long passage of time, "it seems as, if not more, likely that the documents were lost or unintentionally destroyed, rather than being intentionally destroyed." Slip op. at 466. Not only is this a factfinding by a court of appeals, opposite to the inference drawn by the district court and contrary to *Bessemer City*, the majority also puts the onus on the finders to prove that the insurance companies' destruction of documents pertaining to the CENTRAL AMERICA was deliberate. In the absence of any showing to the contrary, I would place the burden on those who last had possession of the documents to establish that they were "lost or unintentionally destroyed." Indeed, standard learning is that the failure of a party who possesses a document to produce it permits an inference that its tenor is unfavorable to the party's cause. See *Missouri, K. & T. Ry. Co. v. Elliott*, 102 F. 96, 101, 103 (8th Cir. 1900); *Wigmore on Evidence, Chadbourn* (1979) 285, 291.

from shipwreck was abandoned when "all efforts to recover the property had been given up" by the owners.)

Indeed, I further submit that the specific finding that the insurance companies destroyed their documents is amply supported in the record by both direct and circumstantial evidence. The following testimony of one Richard Smith, Atlantic Mutual's representative at trial, is sufficient, in and of itself, to support the district court's finding:

> Mr. Davey (Attorney for Columbus-America): You don't have any of the policies today that may have covered goods on board the CENTRAL AMERICA, do you?
>
> Mr. Smith: At present, we do not.
>
> Mr. Davey: To the best of your knowledge, they have all been routinely destroyed along with the other business records of the company?
>
> Mr. Smith: That's correct.
>
> * * * *
>
> Mr. Davey: So that the bills of lading which would have been taken up as part of the proof of loss have been destroyed as a matter of course?
>
> Mr. Smith: If they had been taken up, they probably would have been destroyed in that and/or we moved several times. They could have been missing in that. Probably in the destruction when we destroyed the claim files if they existed. They would have been destroyed.
>
> * * * *
>
> Mr. Davey: But any record of sale would have been destroyed in the ordinary course of your business just like the insurance policies, the bills of lading and commercial invoices and everything else?
>
> Mr. Smith: Yes, sir, if one existed.

Evidently, the majority did not consider this testimony, as it states that the district court held that the documents were intentionally destroyed "because an insurance executive testified that the usual practice *today* is for insurance companies to destroy worthless documents after five years. . . ." Majority op. at 466 (emphasis supplied by the majority). Even that contention of the majority is also incorrect, I submit, because testimony was presented, not just as to the current practice, but as to the document destruction policies of the companies for more than 40 years. The insurance companies' representatives testified that, for as long as they had worked for the companies (which in some cases was over 40 years), the companies had document destruction policies in place.[5]

The majority's holding that "it seems as, if not more, likely that the documents were lost or unintentionally destroyed, rather than being intentionally destroyed," illustrates the majority's misconception of our role on appeal. It is not our role to decide a case on appeal based on which factual inference we would draw from the evidence. See *Bessemer City*, 470 U.S. at 573-74, 105 S.Ct. at 1511-12. Rather we should only determine if the factual inferences drawn by the district court are supported by the evidence. In addition to the clear testimony of Atlantic Mutual's representative that the policies covering goods on the CENTRAL AMERICA were destroyed and that the

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[5] Alan John Birch, who appeared as a representative of claimants London Assurance and the Alliance Assurance Company, began in the marine claims business 43 years ago for London Assurance. He testified that the longest period of document retention that he was aware of at the company was 10 years, and that so long as the company retained an interest in lost cargo, it would not destroy the documents with respect to the loss.

Richard Smith, Atlantic Mutual's representative, has worked for the company for 30 years. He testified that during his entire tenure at Atlantic Mutual, the company has had a document destruction policy, under which it destroys claim files and other documents after from five to 10 years.

bills of lading were probably destroyed, the evidence showed that not one of the numerous insurance companies involved in this litigation was able to produce any of the documents that would have to be produced prior to a claim being paid, and that the companies destroy documents on a routine basis. In my opinion, these facts fully support the inference drawn by the district court, but rejected by the majority, that the documents were intentionally destroyed.

In addition, the passage of over 130 years since the cargo was lost is strong circumstantial evidence of abandonment.[6] And, as the First Circuit has stated in

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[6] I would hold that long-lost wrecks such as the one in question here are presumptively abandoned. See *Martha's Vineyard Scuba Headquarters, Inc. v. Unidentified, Wrecked and Abandoned Steam Vessel,* 833 F.2d 1059, 1065 (1st Cir.1987) (law of finds applies when "articles have been presumptively abandoned, *i.e.*, either affirmatively renounced, or *so long lost that time can be presumed to have eroded any realistic claim of original title* . . . .") (emphasis added). "Disposition of a wrecked vessel whose very location has been lost for centuries as though its owner were still in existence stretches a fiction to absurd lengths." *Treasure Salvors, Inc. v. Unidentified Wrecked and Abandoned Sailing Vessel,* 569 F.2d 330, 337 (5th Cir.1978). In *Treasure Salvors,* the Fifth Circuit held that disposition of the treasure retrieved from a Spanish galleon, the NUESTRA SENORA DE ATOCHA, sunk in 1622 and found near the Marquesas Keys in the Gulf of Mexico, should be governed by the law of finds rather than salvage law.

Under the law of finds, title is vested in "the first finder lawfully and fairly appropriating it and reducing it to possession, with the intention to become its owner." 569 F.2d at 337, quoting *Rickard v. Pringle,* 293 F.Supp. 981, 984 (E.D.N.Y.1968). Salvage law provides that the original owner maintains ownership and the recoverer only receives a salvage award.

The majority attempts to distinguish *Treasure Salvors* from the instant case on the fact that the parties in Treasure Salvors had stipulated that the ATOCHA had been abandoned by its original owner, the Spanish government. Nothing in the court's opinion indicates that the decision would have been any different had the Spanish government appeared in court to assert a claim. The parties merely stipulated to an obvious fact, that the long lost ship was abandoned.

Martha's Vinyard, 833 F.2d at 1065, when "articles have been so long lost that time can be presumed to have eroded any realistic claim of original title, and . . . those articles are now in hand, having been actually recovered, the better-reasoned authorities agree that the law of finds may appropriately be utilized." See *Chance v. Certain Artifacts Found and Salvaged*, 606 F.Supp. 801, 804 (S.D.Ga. 1984), aff'd without opinion, 775 F.2d 302 (11th Cir. 1985) ("Under the law of finds, the inference of abandonment may arise from lapse of time and nonuse of the property . . . since THE NASHVILLE has rested at the bottom of the Ogeechee, unclaimed by its owner since 1863, this court concludes that the law of finds applies.") As the amount of time since the loss of the ship increases, the strength of the presumption that the property has been abandoned, stated above, increases, I suggest. In this case, more than 130 years is sufficient to establish a very strong presumption that the property has been abandoned.[7]

At the risk or [*sic*] repetition, I again state that I think the majority's out-of-hand dismissal as clearly erroneous the district court's finding of abandonment is quite contrary to law, for the inferences and factual conclusions made by the district court are supported by the evidence. Indeed, even as to lack of weight, the weakness of the

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[7] The difficulty in adjudicating rights concerning cargo on a ship lost for 135 years is underscored by the Herculean task facing the district court on remand. Contrary to the majority's assertion that "[w]ithout doubt, most, if not all, of the claims were promptly paid off by the underwriters," at 456-57, there is doubt as to how much of the cargo was actually insured and, just as importantly, which insurance claims were actually paid. The only evidence available are speculative newspaper accounts from the 1850's. On remand, the district court will be faced with the difficult, if not impossible, task of determining which claims were paid by the insurance companies and in what amounts. This problem is caused by the insurance companies' failure to maintain the records necessary to establish their claims. Had the insurance companies not abandoned their claims they surely would have maintained the records necessary to establish their amount.

evidence relied upon by the majority is exposed by only casual analysis. The majority writes that "almost all of the evidence in the record actually seems to indicate a specific predisposition on the underwriters' part not to abandon the treasure." Majority op. at 467. However, all the majority points to in support of this proposition is evidence of salvage negotiations in the 1860's involving two of the insurers, the fact that Atlantic Mutual, in its official history, written in 1967, devoted a couple of pages to the tragedy, and the insurers' actions from the late 1970's to the present upon being contacted by potential salvors concerning their potentional claims. Majority op. at 467-468.

Evidence of salvage negotiations from the 1860's is, of course, of little consequence in determining if the insurers abandoned their claims subsequent to the 1860's. And the very fact that the 1860's efforts at salvage were either abandoned or not undertaken is, indeed, evidence of abandonment. In fact, it is highly likely that at the time the insurers explored the 1860's salvage options, they possessed all the documentation concerning their claims. They knew those documents would be necessary to establish the amounts of their claims. It was probably not until after the salvage operations proved unsuccessful that the insurers abandoned their claims. They destroyed the only documentation that would be necessary to prove the amounts of their claims when, at a later time, they lost all hope of recovering the property. In so doing, the district court held there was evidence of abandonment, and I agree.

The fact that Atlantic Mutual mentioned the CENTRAL AMERICA tragedy in its official history is, in my view, no evidence of a "specific predisposition" not to abandon the property. It indicates no more for Atlantic Mutual than that Atlantic Mutual, which believed it was an insurer of some of the cargo, found the sinking of the CENTRAL AMERICA to have been an interesting historical matter

in the company's history. Indeed, the fact that that history shows that Atlantic Mutual has *even now* retained some papers referring to the CENTRAL AMERICA, but not the papers necessary to prove a claim or even the amount of the loss, is evidence that the matter was later abandoned.

Finally, evidence of the insurers' actions concerning their potential claims from the 1970's to the present is of little consequence in determining whether the insurers abandoned their claims prior to the 1970's. Property, once abandoned, cannot be reclaimed absent possession. See 1 C.J.S. *Abandonment* § 12. It is apparent that the insurers abandoned the property because at the time they did so, they had no hope of ever recovering it. Clearly, once the technology became available following World War II to make recovery a possibility, the insurers would not agree that they had abandoned any claim. This explains their activity in the recent past and their establishment of files. However, since property, once abandoned, cannot be reclaimed absent possession, in my view their 1970's and subsequent activity is of little consequence in determining whether they abandoned their claims at some point during the previous 120 years. A property interest abandoned as valueless cannot be revived simply because new technology, some 120 years later, has made the abandonment seem to have been error. In fact, an equally or more valid inference than the one drawn by the majority is that the insurance companies' creation of files in the 1970's and '80's, pertaining to the CENTRAL AMERICA, supports the conclusion that they had abandoned their claims.[8] These files were created when potential salvors contacted the insurance companies in the 1970's and '80's.[9] Had each

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[8] For the most part, these files contained nothing more than newspaper clippings and letters from potential salvors.

[9] The fact that would-be salvors contacted some of the insurance companies is, of course, of no consequence in determining whether the property was abandoned. A reasonable person might seek to avoid litigation with potential claimants by obtaining assignments of any possible claims they may have.

insurer not abandoned its claim earlier, there would have been no need to create a file because one would have existed since 1857. By reasonable inference, each insurer believed the cargo it insured on the CENTRAL AMERICA was irretrievably lost and any property interest it had in the cargo was worthless. As a consequence, each insurer abandoned what to them was a worthless interest in the cargo.

Also, it is interesting that, even after the technology for recovering the CENTRAL AMERICA became available, the insurers did not enter into any salvage contracts concerning its recovery. They did nothing to recover the property, just as they had done for the past 130-plus years.

As I have shown, the evidence offered by the majority provides little support for its argument that the insurers did not abandon their claims. In my opinion, the majority's substitution of its judgment as to the facts is even more improper when, as here, there is ample support in the record for the district court's factual finding of abandonment.

Finds v. Salvage

I disagree with the majority's decision to apply the law of salvage to the facts of this case. It appears to base its decision on the erroneous belief that courts favor applying salvage law rather than the law of finds. Majority op. at 460. In fact, in the context of long lost wrecks, such as the instant case, courts, almost without exception, apply the law of finds. *Martha's Vineyard Scuba Headquarters v. Unidentified, Wrecked and Abandoned Steam Vessel*, 833 F.2d 1059, 1065 (1st Cir.1987) (ocean liner sunk in 1909); *Klein v. Unidentified Wrecked and Abandoned Sailing Vessel*, 758 F.2d 1511, 1514 (11th Cir.1985) (English ship sunk in eighteenth century); *Treasure Salvors, Inc. v. Unidentified Wrecked and Abandoned Sailing Vessel*, 569 F.2d 330, 337 (5th Cir.1978) (Spanish galleon sunk in 1622); *Sub-Sal, Inc. v. The DeBraak*, No.

84-296, 1992 WL 39050, at * 1-2, 1992 U.S. Dist. LEXIS 2461, at * 6-7 (D.Del.1992) (British ship sunk in 1798); *Zych v. Unidentified, Wrecked and Abandoned Vessel*, 746 F.Supp. 1334, 1343-44 n. 12 (N.D.Ill.1990), vacated, 941 F.2d 525 (1991) (steamer sunk in 1860); *Jupiter Wreck, Inc. v. Unidentified Sailing Vessel*, 691 F.Supp. 1377, 1385 (S.D.Fla.1988) (Spanish galleon sunk in seventeenth century); *Indian River Recovery Co. v. The China*, 645 F.Supp. 141, 144 (D.Del.1986) (ship sunk in nineteenth century); *Chance v. Certain Artifacts Found and Salvaged from the NASHVILLE*, 606 F.Supp. 801, 804 (S.D. Ga.1984) (Confederate raider sunk in 1863); *Wiggins v. 1100 Tons, More or Less, of Italian Marble*, 186 F.Supp. 452, 456 (E.D.Va.1960) (Norwegian ship sunk in 1894); *Commonwealth v. Maritime Underwater Surveys, Inc.*, 403 Mass. 501, 531 N.E.2d 549, 552 (1988) (pirate ship sunk in 1717); see also Schoenbaum, *Admiralty and Maritime Law* § 15-7, p. 514 (1987) ("In virtually all of the treasure salvage cases involving wrecks of great antiquity, the law of finds, not salvage, is appropriate . . .") Even *Benedict on Admiralty*, from which much of the majority's opinion appears to have been derived, would apply finds law to "long lost wrecks." See 3A Norris, *Benedict on Admiralty*, § 158, p. 11-17 (1992).

Modern courts have rejected application of the law of salvage in the context of long lost wrecks because, under the law of salvage, even an abandonment does not divest the owner of title. See 3A Norris, *Benedict on Admiralty*, § 150, p. 11-1 (1992) ("Should a vessel be abandoned without hope of recovery or return, the right of property still remains in her owner."); *Sub-Sal, Inc. v. The DeBraak*, No. 84-296, 1992 WL 39050, at * 1-2, 1992 U.S. Dist. LEXIS 2461, at * 6-7 (D.Del.1992) ("Cognizant that the appliction of salvage law involves a presumption that the owner of an abandoned vessel has not been divested of title, this Court rejects the salvage law theory."). The major premise of salvage law, that the property to be

salved is owned by persons other than the salvor, is inapplicable in the case of long lost wrecks. See Schoenbaum, *Admiralty and Maritime Law*, § 15-7, p. 512 (1987).

The majority opinion breaks with the law of every other circuit that has decided the question and holds salvage law to be applicable to long lost wrecks. See *Martha's Vineyard Scuba Headquarters v. Unidentified, Wrecked and Abandoned Steam Vessel*, 833 F.2d 1059, 1065 (1st Cir.1987) (ocean liner sunk in 1909); *Klein v. Unidentified Wrecked and Abandoned Sailing Vessel*, 758 F.2d 1511, 1514 (11th Cir. 1985) (English ship sunk in eighteenth century); *Treasure Salvors, Inc. v. Unidentified Wrecked and Abandoned Sailing Vessel*, 569 F.2d 330, 337 (5th Cir.1978) (Spanish galleon sunk in 1622). I agree with our sister circuits that "[d]isposition of a wrecked vessel whose very location has been lost for centuries as though its owner were still in existence stretches a fiction to absurd lengths." *Treasure Salvors, Inc.*, 569 F.2d at 337.

Impermissible Factfinding

Also, the majority has disregarded well-established law that appellate courts should not engage in factfinding. The majority has decided, on appeal, that the insured shipment was worth $1,219,189 (1857 valuation) when the amount of the insured shipment was not an issue before the district court. Majority op. at 465 n. 6.

The trial before the district court was to be bifurcated. The first portion was to decide if the insurers or anyone else could establish a claim to portions of the cargo. The second part of the trial was to involve a determination of the amount to be awarded to any claimants who established they had a valid claim. However, the second part of the trial was never held since the district court determined that no one other than Columbus-America had established a right to any of the cargo. Therefore, the question of how much of the shipment was insured was not

before the district court and should not be decided in the first instance by this court.

In addition, the majority finds as a fact that the insurers had established an ownership interest in the cargo. Majority op. at 465-466. The majority attempts to disguise its factfinding by attributing a holding to the district court that was, in fact, never made by it. The majority writes that "the district court did not err when it held that the underwriters who are now parties, or their predecessors in interests, paid off claims upon and became the owners of the commercial shipment of gold in 1857." Mapority op. at 465. The district court did not hold that the underwriters had paid claims and become owners of the commercial shipment. The district court did not decide the factual issue of whether the insurers had proven that they had an ownership interest in the cargo because the district court clearly was satisfied, as am I, that in any event the cargo had been abandoned.[10] Since the district court did

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[10] As evidenced by the following passage in the district court's opinion, the court clearly was unimpressed with the evidence presented by the insurance companies as to ownership:

> Insurance Companies rely solely upon the newspaper accounts for evidence that they were insurers, the name of the insured, the amount of the insurance, the value of the shipment, whether a claim was made, what sum was supposedly paid, and to whom. They well must rely on the newspaper articles for they have no copies of any insurance policies, invoices for shipments, proof of loss, amounts paid or other records. Without the newspaper accounts, the evidence is totally insufficient to establish any claim of the insurance companies.

Columbus-America Discovery Group, Inc. v. Unidentified, Wrecked and Abandoned Sailing Vessel, 742 F.Supp. 1327, 1341 (E.D.Va. 1990).

The majority appears to have concluded that since the district court stated that the evidence was "totally insufficient" without the newspaper accounts, the court was implicitly stating that the evidence was sufficient with those accounts. I do not agree with this conclusion. I believe the district court was merely stating that without the newspaper accounts there was no evidence to support

not decide the factual question of whether the insurers had established that the claims were ever paid, it is entirely improper for this court to make that factual ruling at this juncture. On remand, the district court should be given an opportunity to fully address the issue of whether the insurers met their burden of proof in establishing an ownership interest in the cargo and, in its proper role as a finder of fact, to decide that issue in the first instance.

Issue on Remand

In my view, the majority has incorrectly stated the issue to be determined on remand. It writes that the district court "must determine what percentage of the gold each underwriter insured." Majority op. at 468. This ignores the fact that the insurers only became owners of cargo to the extent of their payment of claims. The amount they insured is irrelevant. The crucial fact is how much cargo they actually paid claims on. The burden is on the insurance companies to establish the amount of claims that they actually paid.

Intervention Motion

I also disagree with the majority's holding that the district court abused its discretion by allowing Columbia University, Harry John, and Jack Grimm to intervene on the eve of trial only on the condition that the trial go ahead as scheduled. The trial was set for April 3, 1990. On March 29, 1990, John and Grimm filed their motion to intervene. Columbia filed its motion on April 2, 1990. It would have been well within the district court's discretion to deny the motions to intervene as untimely. See *Gould v. Alleco, Inc.*, 883 F.2d 281, 286 (4th Cir.1989), cert. denied, 493 U.S. 1058, 110 S.Ct. 870, 107 L.Ed.2d

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the insurance companies' claims and with the accounts there was some evidence. The court did not find that the insurance companies had met their burden of proof in establishing that they had paid claims and therefore had acquired an ownership interest in the cargo.

953 (1990) ("This Circuit has stressed the importance of timeliness and the wide discretion afforded the district courts."); *NAACP v. New York*, 413 U.S. 345, 365-66, 93 S.Ct. 2591, 2602-03, 37 L.Ed.2d 648 (1973) (district court's ruling on timeliness will not be disturbed on appeal unless the court abused its discretion). In determining whether a motion to intervene is timely, courts look at how far the suit has progressed, the prejudice which delay might cause other parties, and the reason for the tardiness in moving to intervene. *Gould*, 883 F.2d at 286. In this case, the motions for intervention were filed on the eve of trial after all pre-trial discovery had been performed by the parties then in the suit. Any delay in the commencement of the trial would have prejudiced Columbus-America as its ability to attract funding was directly impacted by resolution of the issues concerning ownership of the cargo, and key members of the recovery team were required at trial and a delay in the trial would have interfered with Columbus-America's recovery efforts. Finally, there was no excuse for the intervenors' tardiness in moving to intervene. They were put on constructive notice, at the latest, on September 7, 1989, when Columbus-America published its Rule C notice in the *Virginia-Pilot and Ledger Star* stating the coordinates of the area where the CENTRAL AMERICA was found. Moreover, the record reveals that Columbia has been aware of, and indeed a part of, this litigation almost from the first moment that Columbus-American first set foot in court. Less than two months after filing its original in rem complaint on July 17, 1987, Columbus-America sought and obtained a preliminary injunction forbidding other would-be recoverers of the treasure from an area then thought to contain the wreck of the CENTRAL AMERICA. See *Columbus-America Deep Search, Inc. v. The Unidentified Wrecked and Abandoned Sailing Vessel*, Civil No. 87-363N (E.D. Va. July 17, 1987); App. 53. Not only was Columbia a party in that proceeding and specifically addressed in the district court's order, it appealed and unsuccessfully

sought a stay of the injunction in this court. See order of August 3, 1987 entered in our case no. 873606, which appeal was later dismissed by stipulation on December 18, 1987. The fact that the CENTRAL AMERCA later was found within the area established by the injunction of August 1989, see Civil No. 87363N (E.D.Va. Aug. 18, 1989), does not later the inescapable fact that, at the latest in July of 1987, Columbia had actual knowledge of Columbus-America's assertion of rights over the very wreck that was the subject of Dr. Ryan's work and of the very lawsuit in which Columbia later sought to intervene on the eve of trial. See 742 F.Supp. 1327, 1334 (E.D.Va. 1990); App. 438. Given these facts, it would not have been an abuse of discretion for the district court to have denied the motions for intervention as untimely.

However, rather than deny the motions, as it could have done, the district court conditionally permitted the intervention on the intervenors' willingness to go forward with the trial at its previously scheduled time. Conditions can be imposed on an intervenor even when he intervenes as a matter of right under Rule 24(a). See *Stringfellow v. Concerned Neighbors in Action*, 480 U.S. 370, 383, 107 S.Ct. 1177, 1185, 94 L.Ed.2d 389 (1987) (Brennan, J., concurring) ("restrictions on participation may also be placed on an intervenor of right"); *United States v. South Florida Water Management Dist.*, 922 F.2d 704, 710 & n. 9 (11th Cir.), cert. denied sub nom. *Western Palm Beach County Farm Bureau, Inc. v. United States*, —— U.S. ——, 112 S.Ct. 407, 116 L.Ed.2d 356 (1991); *Harris v. Pernsley*, 820 F.2d 592, 599 n. 11 (3d Cir.1987), cert. denied sub nom. *Castille v. Harris*, 484 U.S. 947, 108 S.Ct. 336, 98 L.Ed.2d 363 (1987); *United States v. Hooker Chemicals & Plastic*, 749 F.2d 968, 99293 n. 22 (2d Cir. 1984); *Morgan v. McDonough*, 726 F.2d 11, 14 (1st Cir. 1984). The conditions imposed by the district court were not onerous considering the untimeliness of the motions for intervention. In fact, the court even allowed the intervenors to perform limited discovery during trial.

If the intervenors were unhappy with the conditions imposed, they had the option of declining the court's offer. Had they done so, their motion to intervene would have been denied and that denial could have been appealed to this court. The majority's holding thus allows the intervenors two days in court instead of the timehonored one. Because they accepted the court's conditions, they were able to particpate in the trial. At trial, they lost. Now the majority's holding will allow them to try their case a second time. I would hold that the district court did not err in conditioning John, Grimm, and Columbia's untimely intervention on their willingness to participate in the trial at its previously scheduled date. The district court, by being overly accommodating to the intervenors, and not requiring them to take the case as they found it, if intervention was granted, as it had every right to do, is now wrongfully found guilty of error, I submit, for its perfectly proper rulings.

The effect of the majority's decision is to allow a prospective intervenor to delay a motion to intervene until the eve of a trial it has known about for months, and then force either a delay in the trial or error. I submit that Rule 24(a) properly admits of no such result.

Conclusion

In sum, I would affirm the district court's judgment. I would hold that the district court was not clearly erroneous in finding that the insurance companies had abandoned all claims they may have had to the cargo in the CENTRAL AMERICA and that the district court did not abuse its discretion in placing conditions on granting of the untimely motions to *intervene*.

APPENDIX B

UNITED STATES DISTRICT COURT
E.D. VIRGINIA
NORFOLK DIVISION

Civ. A. No. 87-363-N

COLUMBUS-AMERICA DISCOVERY GROUP, INC.,
Plaintiff,

v.

THE UNIDENTIFIED WRECKED AND ABANDONED SAILING VESSEL, its engines, tackle, apparel, appurtenances, cargo, etc., located within a box defined by the following coordinates: Northern boundary—31° 37′ North latitude; Southern boundary—31° 33′ North latitude; Western boundary—77° 2′ West longitude; Eastern boundary—76° 57′ West longitude (believed to be the S.S. CENTRAL AMERICA), *in rem*,

Defendant.

Aug. 14, 1990

Richard T. Robol, Philip N. Davey, Robert M. Tata, Hunton & Williams, Norfolk, Va., William J. Kelley, Jr., Curtis A. Loveland, Robert W. Trafford, Porter, Wright, Morris & Arthur, Columbus, Ohio, for plaintiff.

Guilford D. Ware, Crenshaw, Ware & Martin, Norfolk, Va., Douglas A. Jacobsen, Bigham, Englar, Jones & Houston, New York City, for claimants Atlantic Mut., et al.

William W. Nexsen, Stackhouse, Rowe & Smith, Norfolk, Va., John H. Reilly, Jr., Dickerson & Reilly, New York City, for Harry G. John and Jack F. Grimm.

Daniel R. Warman, John Y. Richardson, Jr., Williams, Worrell, Kelly, Greer & Frank, Norfolk, Va., for the Trustees of Columbia University in the City of New York.

OPINION AND ORDER

KELLAM, Senior District Judge.

This admiralty action filed in this Court on May 27, 1987, is an outgrowth of the tragedy of the sea which occurred September 12, 1857, when the Central America sank in the Atlantic Ocean some 160 miles due East of Charleston, South Carolina, where the Gulf Stream meets the Sargasso Sea. She was said to be one of two luxury passenger ships making a run from Aspenwall, Panama, to New York. She was a wooden-hulled, side-wheel steamship built in 1852. During the period prior to completion of the railroad from the East to the West Coast in 1869, travel from San Francisco to New York was principally by steamer to Panama, by train across the Isthmus of Panama to the port of Aspenwall, and then on to New York by steamer. Much of the gold mined in California following the gold rush of 1849 shipped or carried by passengers to the East was by the above route. The subject of this action involves gold shipped and carried by passengers over the above route.

I.

On August 20, 1857, the Pacific Mail Steamship "Sonora" left San Francisco for Panama with a number of passengers and quantities of gold aboard. It docked at Panama on September 3rd. The passengers and gold were put upon the Panama Railroad for the three hours journey to Aspenwall. The passengers with the gold which they were carrying and the shipped gold were

placed upon the side wheeler Central America. The Central America sailed at 4:00 p.m. on September 3rd for Havana. It docked at Havana on September 7th in the evening. After transfer of some passengers and cargo, it sailed on September 8th at 9:30 a.m. for New York. On the evening of the 9th, it encountered the fringe of a hurricane and sailed on into its fury. As a result of the forces of the hurricane, a leak in the ship developed on the morning of the 11th and by 2:00 p.m. of that day, the fire in the boilers was extinguished by the influx of water from the leak. With the continuation of the storm, efforts of the crew and passengers in bailing the ship failed to keep her afloat. Many passengers were transferred by the life boats to two passing steamers, and some others were halued from the water hours after the Central America sank.

News of the tragedy was collected from survivors. Newspapers over several areas of the world collected and published stories of the sinking. Frank Leslie's Illustrated Newspaper published in New York for October 3rd, 1857, reported that when the Central America left Havana for New York, it carried 492 passengers exclusive of the crew. Of that number, 166 were rescued and 336 lost their lives. Many of the passengers were gold miners returning to the East to invest their findings, and others to collect their families and return to California. He further recorded that the Central America was the richest ship, passengers and cargo considered, that was ever engulfed in the waves of the sea, when her rich freight of gold was lost.

The Chicago Tribune, in an article of September 23, 1857, reported that many of the surviving passengers of the Central America stated there was seldom so large an amount of money owned by passengers as those aboard the Central America, numbers of whom reckoned their gold by thousands. The New York Journal of Commerce, in an article of September 23, 1857, said that the

exact number of saved and lost would probably never be known, but that it was generally agreed that when she left Havana, she had on board nearly 600 and that the number saved varied between 166 and 187.

Passenger Jane Badger, who was one of the rescued, said her husband was carrying $17,500.00 with him in gold coins in a carpet bag until just before the ship sank. Passenger Caldwell saved 20 pounds of gold dust carried in a belt around his waist. One passenger reported he had $2,000.00 in gold in a belt. There were other accounts of passengers who had been carrying gold with them aboard the Central America.

In a report to the Secretary of the Navy, Lt. Matthew Fontaine Maury, USN, under date of October 19, 1857, said that there was on board 575 persons and about two million in gold. He further reported that the information concerning the sinking had been compiled from newspaper reporters who had obtained much information from the survivors.

A.

During the last decade, substantial efforts were made to locate the wreck of the Central America. Such efforts were expensive and time consuming. Scientific and historical research required many hours. Plaintiff in this case, as well as the insurance claimants, located numerous newspaper articles published concerning the sinking of the Central America and the loss of life. The services of experts in many fields have been enlisted. Special equipment was and is required for any such type of undertaking. Patience, skill, long hours of hard work, and some degree of luck, a willingness to risk and a deep pocket are and were necessary for such an undertaking. Plaintiff has expended in excess of ten million dollars in the project. While plaintiff is positive it has located the Central America, it is still engaged in its efforts to bring to the surface the artifacts and portions of the cargo.

One will well understand that only portions of the cargo will be found.

II.

Utilizing numerous written accounts, oceanographic, meteorological and other data, modern search theory mathematics, advanced technology and equipment, along with the services of numerous experts, the Columbus-America Discovery Group undertook the search for the wrecked Central America. A specially equipped ship was obtained for the undertaking. Among the equipment was a side-scan sonar, satellite navigation, tele-operated deep-sea equipment (submersible with stereo camera and robotic arms) and computer modeling software, all of which helped to make the discovery possible.

The Central America is said to have settled upright. Since 1857, the Central America has been attacked by the forces of the deep sea. The iron works of her two coal-fired engines, boilers and other fixtures have partially disintegrated under the corrosive action of the salt water and her wooden hull has collapsed.

Thomas G. Thompson, a research scientist in the area of ocean science, headed the undertaking. He pointed out that in preparation for the undertaking, examination was made of hundreds of newspaper articles, statements by numbers of the some 160 survivors, and other information. Thompson said he spent some 13 years researching the historical and technical aspects of the shipwreck of the Central America. Correlation of the data of the survivors—eye witnesses—dealing with conflicts in the accounts and separating the facts from speculation was exceedingly difficult and time consuming. Commencing the search necessitated the development of probability search maps. This required a determination of the probable location of the sinking. Consideration had to be given to the accuracy of the navigational information available as to the probable location of the ship at the time of its sinking, to the quality of the information

furnished, to the normal prevailing currents, to what a hurricane does to the normal currents, to the movement of the ship as it begins to fill with water, to how the ship acts as it sinks, to the manner in which it sinks, and to how the information of action of the weather of that day fit into the advanced knowledge and skills of today. Models were created to try to determine drifting patterns and windblown currents and to try to determine how fast and how far a ship would drift under such conditions. Experts making use of these types of information prepared a probability map of where to search for the wrecked vessel. Too, study had to be made of what might be revealed by the sonar. Very little work like this had been done before. In the search, plainitiff found hundreds of what the experts called anomalies on the sea floor which had to be interpreted. They developed a computer process to assist them in undertaking the analysis of these anomalies. Upon analyses, a determination was then made of the most likely targets for the Central America. Many things affected what type of object appeared on the sonar. The sonar ability was much ahead of the interpretative skills. After one develops his or her best guess as to which image is the target he is looking for, it is then necessary to make a number of passes over the object, use video cameras, and to study the image and data in order to undertake to reach a better understanding. There is no set pattern to follow. One must determine what would be expected to remain of a ship which had been in that depth of water some 132 years. It is a new field in science. No one before has seen a ship that has been in that depth of water for that long a period of time.

It was after many hours and days of tedious research and study that plaintiff could determine the most likely targets. The first target thought to have been the Central America was not in fact it. It so happened that one of the earlier targets turned out to be the Central Amer-

ica. Only after re-examining the images in great detail, and location of the ship's bell, was plaintiff fully convinced it had located the famous wreck.

III.

HISTORY OF LITIGATION

As shown above, this admiralty action was commenced by complaint filed May 27, 1987. Plaintiff asserted this Court had *in rem* jurisdiction over the portion of the wreck found and brought within the jurisdiction of this Court and *in personam* jurisdiction over any potential claimants who made contacts with this forum; that the said wreck was wholly derelict and had been abandoned by the owners; that plaintiff is the owner of said wreck and has taken the necessary action to exercise complete and absolute dominion and control over it and is entitled to the exclusive possession of it, and to the protection of this Court; that in any event, it is entitled to a liberal salvage award; that plainitff is entitled to an injunction enjoining others from interfering with its recovery efforts; and it prays that a warrant of arrest issue, and the Marshal take into custody the artifacts, articles and such portions of the defendant wreck, cargo and artifacts as may be presented. In due time, a motion for a substitute custodian was filed.

On July 7, 1987, an amended complaint was filed enlarging the radius of the search area, an order for arrest was entered and directed to be executed, and a substitute custodian named. By that order, plaintiff was directed to, within 10 days after execution of the process, to cause public notice of the action and arrest to be given for not less than 5 consecutive days in the Virginian-Pilot, a daily newspaper published in Norfolk, Virginia, setting forth the docket number of the action, a general description of its nature, the fact of arrest, and requiring any person claiming any interest to file their claims and answers within 45 days. The warrant of arrest was issued

and executed July 7, 1987, following which the properties were turned over to the substitute custodian. Pursuant to motion, on July 9th, a temporary restraining order was issued restraining the R/V Liberty Star (Star), her master, officers, crew and all persons aboard, the Board of Trustees of Columbia University, Lamont-Doherty Geological Institute (Trustees), S.S. George Law Partnership (Law) and Boston Salvage Consultants, Inc. (Boston), from conducting salvage operations, photographing, entering or causing to enter on or above the surface within the designated boundaries as defined in the order. A cash bond of $100,000.00 was required and posted and a copy of the TRO duly served. A hearing was scheduled for July 16, 1987. On July 10th, a motion, with an incorporated supporting brief, was filed by Law, Trustees and Boston who appeared specially and moved to dismiss the TRO issued on July 9th for lack of jurisdiction, and to contest the award of exclusive salvage rights of plaintiff. The motion set forth that movants were involved in a deep water survey, search, identification and salvage operation in a section of the Atlantic Ocean approximately 160 nautical miles off the coast of Georgia believed to be the area in which a passenger vessel traveling from Havana to New York, known as the Central America, sank during a hurricane on Septemper 12, 1857; that from historical information and newspaper accounts, movants believe the vessel may have contained gold in significant quanties; that if they can locate and identify the vessel, they intend to salvage it for profit; that they have conducted the search operation by using a side scan sonar and a deep water tow fish with depressors capable of providing rapid and reliable information about the sea floor and features; that possible targets revealed by the sonar are investigated further by the use of underwater camera equipment, including real time video, still frame and ocean data censors; and that salvage operations will ultimately be effected by the use of a remotely operated vehicle capable

of handling the remains of a vessel and retrieving its contents. The motion continued by asserting "activities of George Law are being conducted in association with Columbia University . . . ." (p. 3 of Motion and Brief); that considerable funds have been expended and it is entitled to continue until it or a competing interest actually locates and salvages the vessel.

Following the hearing on July 16, 1987, the Court, by order filed July 17th, enlarged the TRO into a preliminary injunction. Notice of appeal was filed and a motion presented to one of the judges of the Forth [*sic*] Circuit Court of Appeals for a stay of the enforcement of the injunction. By opinion of that judge filed August 10th, the stay was denied. By motion of August 13th, 1987, the appellants moved to dismiss the appeal.

On August 20, 1987, S.S. George Law Limited Partnership and Boston Salvage Consultants, Inc. filed their answer herein denying the allegations of the amended complaint, and counterclaim. In their counterclaim, they asserted they were organized for the purpose of locating the wreck of the Central America and salvaging it, and that upon information and belief the plaintiff had abandoned their undertaking. Plaintiff responded and denied the allegations of the counterclaim. Subsequently, on December 18, 1987, upon joint motions of the parties, the answer and counterclaim of S.S. George Law and Boston Salvage were dismissed with prejudice.

On September 8, 1987, plaintiff moved the Court to hold Dana Leonard, Master of the M/L Cameron Seahorse, Steadfast Oceaneering, Inc., Zapata Gulf Marine Corp., South Carolina Marine Archeological Trust and Walter Kreisle in contempt of court for violation of the injunction order of July 17, 1987, and for entering or attempting to enter the restricted area. An order to show cause was issued. Following a hearing, the Court found the parties guilty of civil contempt, and ordered them not to release any information discovered in con-

nection with the violation of the injunction. Plaintiff thereafter sought to recover damages, costs and attorney's fees incurred as a result of said parties violating the injunction. By opinion of January 25, 1988, the Court, having found all of said parties in contempt, postponed the assessment of damages, costs and attorney's fees to give them an opportunity to purge themselves by no further violations of the injunction.

On March 23, 1989, a second amended complaint was duly filed, expanding the area to a radius of 50 miles, ordering arrest or seizure of artifacts, and appointing substitute custodian. Publication of notice of arrest was ordered for five consecutive days in the Virginian-Pilot, requiring claimant to file their claim within 10 days after process was executed and their answers within 20 days. The notice was duly published. On June 15, 1989, plaintiff filed a motion for award of title to all properties recovered. By order of August 18, 1989, adopting the findings of fact and conclusions of law filed June 30, 1989, the Court enlarged the preliminary injunction into a permanent injunction and ordered the release of the cash bond to plaintiff.

On August 30, 1989, plaintiff filed a third amended complaint setting out enlarged boundaries. The Court ordered arrest, and publishing of notice as in the previous order. By order of September 29, 1989, the answers of Atlantic Mutual Insurance Company and some 38 other companies were filed, asserting that by reason of payments made for losses, they were subrogated to the rights of the owners in the cargo of gold; that they were making claims on behalf of themselves and the account of the owners; and that they are the owners of said properties and entitled to possession thereof. On the same day, they filed an answer denying each of the allegations made by plaintiff in each count of their complaint.

On October 13, 1989, Dennis Standefer filed a claim asserting that pursuant to a contract with Thomas G.

Thompson, he was entitled to a share of any recovery made by Thompson from the Central America. On October 19, he filed an answer denying plaintiff was entitled to the full recovery and that he was entitled to a share of any recovery. Standefer also instituted a separate suit against Thompson, asserting he is entitled to recover a portion of any sum received by Thompson in this action. That action was thereafter merged with this suit. Because that claim was for alleged breach of contract and against Thompson, who is not a party to this suit, upon motion the Court dismissed the claim filed in this suit by Standefer, with right to file an amended claim within 10 days against plaintiff in this suit. By way of information, a motion of Thompson for summary judgment in C/A 89-753 has been granted and that suit dismissed.

A final pretrial order was entered in this action March 16, 1990. Among other things, it was stipulated:

(A) Plaintiff has been engaged in search and recovery of defendant wrecked and abandoned sailing vessel within the coordinates—(those of the 3rd amended complaint).

(B) The wreck is the remains of the S.S. Central America which sank September 12, 1857.

(C) Central America had not been successfully salvaged before commencement by plaintiff.

(D), (E) & (F) Plaintiff is an Ohio corporation which conducts deep ocean discovery and salvage, and has located and recovered items from the Central America shipwreck.

(G) The general location of the wreck is approximately 160 miles off the East Coast of United States in the Atlantic Ocean, about 1½ miles below the surface.

(H) & (I) Claimants were not the owners of the cargo prior to its sinking and have never marked the wreck or any of the cargo of the Central America.

(J) through (Q) London Assurance Association was established by Royal Charter in 1720; Alliance Assurance Company, Limited was established 1824; Atlantic Mutual Insurance Company was incorporated April 11, 1842 by the laws of New York, Royal Exchange Assurance by Royal Charter in England, The Indemnity Marine Assurance Company, Limited, July 4, 1824 in England, Marine Insurance Company Limited in England in 1836, and The Salvage Associates established in England in 1856 and incorporated by Royal Charter in 1867.

By order of March 29th, the Court dismissed some 21 of the named insurance company claimants with prejudice. Though agreeing to the dismissal, defendants desired dismissal without prejudice. The list of dismissals is shown in Appendix "A" hereto attached. By that same order, the Court directed claimants to file on the morning of trial a statement of their claims seting forth the name of the claimant, the name of the shipper, the insured, identification of the specific property shipped, the value of each shipment and the name and similar information as to each coinsurer as it relates to the cargo.

On March 29, and April 2, 1990, respectively, Harry G. John and Jack F. Grimm and the Trustees of Columbia University (Trustees) moved to intervene to assert a claim to any interest in any find or salvage, asserting they had furnished information to the plaintiff or that plaintiff had used information belonging to them. On their representation that they were ready to proceed with trial on April 3rd and to prove their claim, they were on April 3rd, 1990, over objection of plaintiff, permitted to intervene and their respective claims were ordered filed. They were further granted permission to add to the final pretrial order the names of witnesses and to list exhibits deemed necessary to prove their claims. Plaintiff was granted right to add lists of exhibits and names of witnesses in rebuttal of their claims. By order of April 3rd, 1990, the Court foreclosed the filing of any further

claims in this action. Trial commenced and the presentation of evidence was concluded on April 12th. Counsel requested and were granted the right to file briefs and argue the case orally on July 11th, 1990. A transcript of the argument and additional briefs were filed the end of July and the case submitted for decision.

By agreement with the parties, the Court was to determine (1) whether the artifacts and items recovered from the Central America were a find or whether the operation was a salvage, and (2) whether any party other than plaintiff established any right, title or interest in the items. If the Court determined the operation was not a find, then the Court would hold further hearings to determine and deal with the rights of the insurance companies.

IV.

Jurisdiction of the Court is not now an issue. A claim to title of lost property by occupancy "may be asserted in an *in rem* proceeding instituted once the goods have been recovered and brought to shore within the jurisdiction of the court." *Treasure Salvors, Inc. v. The Unidentified Wrecked and Abandoned Sailing Vessel*, 640 F.2d 560, 567 (5th Cir.1981) (Salvors III). The law of maritime salvage and finds protects the rights of one who undertakes such a recovery project to carry it to completion without interference from others who seek to share in the enterprise and reward. *Id. See also Columbus-America Discovery Group, Inc. v. The Unidentified, Wrecked and Abandoned Vessel*, 1989 A.M.C. 1955 (E.D. Va.1989). The *res*—or at least the greater portion of it—is within the jurisdiction of this Court. The Court has previously determined it had jurisdiction of the res and the subject matter of this suit. Those who sought to question it withdrew their appeal and dismissed their cause of action.[1] Such determination has therefore become the law of the case. No one since that time has

[1] Trustees were parties to the original action, but not to the appeal.

sought to raise the issue. The present claimants have submitted to the *in personam* jurisdiction of the Court.

Section 1333 of Title 28 U.S.C. grants federal courts jurisdiction of all cases involving admiralty or maritime claims. "The subject matter jurisdiction granted by this statute is not limited to causes of action arising from events or occurrences on the territorial waters of the United States." *Salvors III*, 640 F.2d at 566. "Claims arising out of . . . effort to recover ships disabled or abandoned at sea to retrieve their cargo . . . are unquestionably within the admiralty jurisdiction of the federal courts." *Id.* Hence, courts of the United States take jurisdiction "of suits on maritime claims arising out of transactions and occurrences anywhere in the world." Ch. 1, §§ 1-19, page 51, *The Law of Admiralty*, 2nd Ed.1925, Gilmore & Black. The above language was quoted with approval in *Salvors III*, 640 F.2d at 566-67.

A.

The law of admiralty is clear that a salvor has a valuable interest in his salvage, and "in extraordinary cases, such as this one, where the property has been lost or abandoned for a very long period . . . the maritime law of finds supplements the possessory interest normally granted to a salvor and vests title by occupancy in one who discovers such abandoned property and reduces it to possession." *Salvors III*, 640 F.2d 567. *See also Treasure Salvors Inc. v. The Unidentified Wrecked and Abandoned Sailing Vessel, etc.*, 569 F.2d 330, 336 (5th Cir.1978) (*Salvors I*). The law "acts to afford protection to persons who actually endeavor to return lost or abandoned goods to society as an incentive to undertake such expensive and risky ventures . . . ." *Salvors III*, 640 F.2d 573.

A real issue here is whether salvage law or the adjunct law of finds should be applied. The insurance companies contend the law of salvage should be applied here,

while plaintiff contends the law of finds is the applicable law. The insurance companies rely upon the authority of M. Norris, *The Law of Salvage*, § 150 (1958), and cases following his theory. That theory is referred to in *Salvors I*. The opinion there makes it clear that courts "have rejected the theory that title to such property can never be lost and have applied the law of finds. *Wiggins v. 1100 Tons, More or Less of Italian Marble*, 186 F. Supp. 452, 456-57 (E.D.Va.1960). *See Nippon Shosen Kaisha, K.K. v. United States*, 238 F.Supp. 55, 59 (N.D. Cal.1964); *Rickard v. Pringle*, 293 F.Supp. 981, 984 (E.D.N.Y.1968)". *Salvors I*, 569 F.2d at 336-37. "Under this theory, title to abandoned property vests in the person who reduces the property to his or her possession." *Id.*

Norris, in his treatment on salvage, as do insurance companies here, suggests difficulties may be brought about by applying the law of finds rather than that of salvage. The Court in *Salvors I* dealt with this question and said it failed to see how the law of salvage would provide a more effective deterrent to a clash, as under find or salvage, an award goes to the one who is able to seize possession.

There are two considerations in determining whether property has been *lost* or *abandoned*. First, whether the location of the property is known, and second, even if its location was known, whether it has been abandoned.

"Lost" means not able to find, its whereabouts unknown, unable to locate, no longer possessed, removed from reach or attainment.

"Abandonment" means a yielding to natural impulses, to withdraw protection, support or claim; to desert; to cease intending or attempting to perform; to terminate possession or protection. "Abandonment includes both the intention and the external act by which the intention is carried into effect; intention may and indeed often

must be inferred from acts." *In re G.M.P. Land Co.*, 33 B.R. 729, 731 (1983); *Llewellyn v. Philadelphia and Reading C. and I. Co.*, 308 Pa. 497, 502, 162 A. 429 (1932). Whether there is abandonment is to be determined from "a consideration of the nature of the property and the conduct of the parties [plaintiff] in relation to it. *Russell v. Stratton*, 201 Pa. 277, 278, 50 A. 975 (1902)" *Id.* "Whether a sunken wreck has been abandoned is a question of fact." *Bunge Corporation v. Agri-Trans Corporation*, 542 F.Supp. 961, 969 (N.D.Miss. 1982), *aff'd* in part, vacated in part on other grounds, 721 F.2d 1005 (5th Cir.1983). Abandonment "may be accomplished by either an express or implied act of leaving or deserting the property without hope of recovering it and without the intention of returning to it." *Id. See also Chicago and North Western Transportation Company v. Kalo Brick & Tile Company*, 450 U.S. 311, 313, 101 S.Ct. 1124, 1128, n. 2, 67 L.Ed.2d 258; *Ellis v. Brown*, 177 F.2d 677 (6th Cir.1949).

"Whether property has been abandoned is a question of intent, which may be inferred from all of the relevant facts and circumstances. *United States v. Manning*, 440 F.2d 1105 (5th Cir.), *cert. denied*, 404 U.S. 837, 92 S.Ct. 125, 30 L.Ed.2d 69 (1971)". *United States v. Sylvester*, 848 F.2d 520, 525 (5th Cir.1988). Valid abandonment occurs "by an express or implied act of leaving or deserting property without hope of recovering it and without the intention of returning to it." 3A *Benedict on Admiralty* § 134 (7th Ed.1980); *Bunge, supra*, 542 F.Supp. at 969.

The difference between lost and abandoned property is that in the first instance it often is involuntary while in the second instance it is by intent and design. Abandonment is the voluntary relinquishment of a right. Clearly, personal property of all kinds may be abandoned by an owner with the view of divesting himself of title and ownership. In determining the question of whether

property has been abandoned, consideration must be given to the property, the time, place and circumstances, the actions and conduct of the parties, the opportunity or expectancy of recovery and all other facts and circumstances.

Plaintiff asserts that it is vested with absolute title to the properties in question under the law of finds. "Under this theory, title to abandoned property vests in the person who reduces that property to his or her possession." *Salvors I*, 569 F.2d at 337. There, in holding that the trial court had correctly applied the law of finds, the Court pointed out that "[D]isposition of a wrecked vessel whose very location has been lost for centuries as though its owner were still in existence stretches a fiction to absurd lengths." *Id.*

The law of salvage for a number of years governed the location of recovery of ships and their cargo lost at sea. "Modern courts, however, have rejected the salvage law theory that title to property can never be lost. They have instead applied the law of finds under the doctrine of *animus revertendi* (the owner has no intention of returning)" (citations omitted). *Chance v. Certain Artifacts Found and Salvaged from the Nashville A/K/A The Rattlesnake, Her Engines, etc.*, 606 F.Supp. 801, 804 (S.D.Ga.1984), *aff'd* 775 F.2d 302 (11th Cir.1985). Thus, "in a first finder situation, the law of finds and salvage merge to give the first finder/salvor the sole possession of the property." *MDM Salvage, Inc. v. The Unidentified, Wrecked and Abandoned Sailing Vessel, etc.*, 631 F.Supp. 308, 311 (S.D.Fla.1986). The common law of finds, and not maritime salvage law, was applied to determine ownership of a shipwreck even though within the confines of a national park and the territorial sea of the United States. *Klein v. The Unidentified Wrecked and Abandoned Sailing Vessel*, 758 F.2d 1511, 1514 (11th Cir. 1985). In *Platoro Limited, Inc. v. The Unidentified Remains of a Vessel*, 518 F.Supp. 816 (W.D.Tex.1981), the

Court, in dealing with an issue of whether the State had title to a found shipwreck said "if the State insists that it has title to the res, the Court could find that the State had abandoned the res (by never executing any contract or otherwise indicating possession of the res) and the finder of the abandoned property gets to keep the find. The Court in *Indian River Recovery Co. v. The China*, 645 F.Supp. 141 (D.Del.1986) applied the law of finds and pointed out that demonstration of possession and control of abandoned property is the prerequisite to an award of title under the law of finds. *See also Hener v. United States*, 525 F.Supp. 350, 356 (S.D.N.Y.1981).

In *Rickard*, cited above, the Court held that title to a propeller recovered from a vessel abandoned on the ocean floor for sixty years vested in the first finder lawfully and fairly appropriating it and reducing it to possession with the intention to become its owner.

In order to determine the ownership of a shipwreck on the outer continental shelf—outside the territorial waters of the United States—the Fifth and Eleventh Circuits relied on the law of finds instead of the maritime salvage law. The Court reasoned that because application of maritime salvage law was predicated on the fiction that the owner of the wrecked vessel was still in existence, it would be absurd to apply maritime salvage law to a vessel whose very location had been lost for centuries. Instead, "the Court held that title to abandoned property vests in the person who reduces that property to his or her possession, (citations omitted), [and] [T]he common law of finds is the appropriate law to examine to determine the ownership of the shipwreck." *Klein v. Unidentified Wrecked and Abandoned Sailing Vessel*, 758 F.2d 1511, 1514 (11th Cir.1985). "The common law of finds generally assigns ownership of the abandoned property without regard to where the property is found." *Id.* There are two exceptions, neither of which is applicable here.

In *Wiggins, supra,* the court sitting in admiralty held that the party who first finds and recovers derelict propperty at sea is entitled to full title. There, the ship had been sunk some 66 years. The Court held that even though lapse of time and non-use are not sufficient, in and of themselves, to constitute abandonment, under certain circumstances, they may give rise to an implication of intention to abandon. *See also* the following cases: *Martha's Vineyard Scuba Headquarters, Inc. v. The Unidentified, Wrecked and Abandoned Steam Vessel,* 833 F.2d 1059, 1065 (1st Cir.1987); *Commonwealth of Massachusetts v. Maritime Underwater Surveys, Inc.,* 1987 A.M.C. 2590, 2606 (Mass.1987), *aff'd* 1989 A.M.C. 425, 403 Mass. 501, 531 N.E.2d 549 (1988); *Cobb Coin Company, Inc. v. The Unidentified, Wrecked and Abandoned Sailing Vessel, etc.,* 549 F.Supp. 540 (S.D. Fla.1982); *Eads v. Brazelton,* 22 Ark. 499, 79 Am. Dec. 88 (1861); *Deklyn v. Davis,* 1 Hopk. Ch. 135 (N.Y.1824); *Creevy v. Breedlove,* 12 La.Ann. 745 (1857); *State by Ervin v. Massachusetts Co.,* 95 So.2d 902 (Fla.1956), *cert. den.,* 355 U.S. 881, 78 S.Ct. 147, 2 L.Ed.2d 112 (1956); *Steinbraker v. Crouse,* 169 Md. 453, 182 A. 448 (1936); *Howard v. Sharlin,* 61 So.2d 181 (Fla.1952); *United States v. Smiley,* 6 Sawy. 640, F.Cas. No. 16317 (C.C. Cal. 1864); *Thompson v. United States,* 62 Ct.Cl. 516 (1926); *Wyman v. Hulburt,* 12 Ohio 81, 40 Am. Dec. 461 (Ohio 1843).

CLAIMS OF COLUMBIA UNIVERSITY AND JOHN AND GRIMM

On April 2nd, 1990, Columbia (Trustees) submitted a motion to intervene in this action. Trial had long before been scheduled to commence on April 3rd. Upon their agreement, they were ready to proceed without change of date for trial. They were permitted to intervene. In their claim filed on April 3rd, they set forth that since 1980, they had sought to locate and recover the wreck of the Central America; that in February

1984, Santa Fe Communications, Inc. (Santa Fe)[2] contracted with Trustees to map a twenty nautical square mile area of the Continental Margin of the Eastern United States encompassing the coordinates of 31 degrees 30 minutes North latitude, and 77 degrees West longitude in an effort to find the Central America; that such a search was made and the survey imaged several acoustic targets of man-made artifacts, only one of which was large enough or reflective enough to be echoes of the size of the Central America[3] that Thomas G. Thompson, the lead man of plaintiff's search in 1986 requested of Trustees information of the survey; and that Trustees furnished portions of the information from the survey to Thompson. Trustees contend that the information furnished lead [*sic*] plaintiff to the location of the Central America. Trustees further assert that they were among those enjoined by the Court by the injunction order of July 17, 1987, from searching in the area where plaintiff was searching, and that two weeks previous to filing their claim, they learned that plaintiff had expanded the area of its search. Trustees assert that by reason of their survey of 1984, they have an ownership interest in the wreck or claim to any recovery, and they are entitled to a liberal award for their services.

Harry G. John and Jack F. Grimm, like Trustees, on April 3rd, 1990, the day the trial of this suit commenced, sought to and were permitted to intervene. They assert that John is the successor in interest to Santa Fe; that since 1984 they have sought to locate and recover the Central America; and that John, as President of Santa Fe, contracted with Trustees in 1984 to have Trustees map the area described above in Trustees' claim. The

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[2] The claim of John and Grimm, as does Trustees, grows out of the activity conducted by Trustees for Santa Fe from whom John and Grimm obtained an assignment.

[3] Bishop's investigation, hereafter dealt with, disagrees with this contention, as do plaintiff and others.

remainder of the allegations of their claim are about the same as those of Trustees.

In December 1984, Santa Fe assigned all of its right, title and interest in its properties, information or claims relative to or arising out of any attempted salvage of the Central America to the Province of St. Joseph of the Capuchin Order—St. Benedict Friary of Milwaukee, Wisconsin (St. Joseph). Sometime in early 1990, John obtained an assignment back from St. Joseph. Grimm is a party because of some arrangement he had with Santa Fe to share equally with Santa Fe in any recovery from the Central America. Since the filing of the claim by John and Grimm, St. Joseph has obtained an agreement between John and Grimm to pay over to it a portion of any sums they may recover.

While there is much evidence concerning the dealings between John, Santa Fe and St. Joseph, most of it has little or nothing to do with the issues before the Court of whether Santa Fe or John Grimm have any right to share in any recovery by plaintiff.

A.

In the early 1980's Thomas Thompson was doing research on information relative to a possible salvage of the Central America and putting together a group to finance such an undertaking. John was a person interested in such an undertaking and had discussions with Thompson. John requested Thompson to obtain information for him. In the negotiations, Thompson made suggestions of what services might be obtained for such an undertaking. On December 12, 1983, Thompson wrote John enclosing a prospectus from a charter company to provide a "Sea Marc Deepsea Survey System," [Plaintiff's exhibit 439 [4]], as prepared by Williamson & Associates, a firm headed by M.E. Williamson. The prospectus gave information about personnel available and their

[4] Hereafter plaintiff's exhibits will be referred to by number only.

qualifications. It also gave a brief description of the capabilities of the Sea Marc I and II and made reference to the equipment of Lamonte-Dougherty Geological Observatory, a unit of Columbia University (Trustees). It pointed out that it was the policy of Trustees to make public the data obtained by work done by them. However, Thompson was not employed for the survey. Exhibit 432 is a proposal submitted to John on behalf of Santa Fe by Trustees, dated February 14, 1984, for a Sea Beam Mapping of Continental Margin in Vicinity of 30 degrees 30 minutes North and 77 degrees West. Among other provisions, the agreement between Santa Fe and Trustees provided (1) Trustees would be free to publish the results of the research, without restrictions, one year after termination of the contract, and (2) Santa Fe could send personnel to examine the progress of the work, and from time to time, require a more detailed search of a particular area. Santa Fe in fact did have aboard the survey ship some three persons to observe the work. The contract was to terminate September 30th, 1984. The contract was reviewed for Santa Fe by its counsel who reported on the terms and made certain recommendations. Among other things, counsel pointed out that Trustees reserved the right to publish any information obtained, and in Exhibit 440, on page 2 of the attachment, "suggested the possibility that even likely locations . . . would be made known to the world . . . [and because] John . . . has no control over dissemination, someone else might . . . be able to put together a project using this information before Mr. John can do so himself." Later in the letter it suggested there should be provisions for immediate reporting to Santa Fe of any likely or suggested target, so that it might at that moment be further pursued. Again on the third page, it called attention to the danger of permitting publication. A change was made in the contract to restrict publication for one year from completion of the contract. Upon completion of the survey, Trustees made a report to Santa Fe.

Exhibit 445 is a memo from Captain O'Connell to John dated April 25, 1984, relative to the Central America for an operation in July, on certain targets, some or all of which were apparently those reported in the Trustees' survey. O'Connell said that 8 of the 11 targets were good possibilties. However, John did not undertake this operation, and nothing came of this contact.

Sometime in early 1986, Thompson contacted Dr. Ryan at Columbia relative to the survey it had made for Santa Fe and asked to be furnished certain information from it. He wrote Dr. Ryan on February 12, 1986 saying that pursuant to his telephone conversation of that day, he would like to have copies of the some 20 8 $\times$ 10 negatives of the sonar record done by Sea Marc in the February 1984 survey; that he was submitting the order primarily out of personal interest, and he had a personal source of funds available for such collection and correlation; that Ryan should bill him personally for up to $250.00 for the material; and to send them to his (Thompson's) home address which he set out in the letter. (Trustees' Exhibit 2)

By letter of March 19, 1986, (Trustees' Exhibit 3) the Division Administrator of Trustees reported to Thompson that pursuant to request to Dr. Ryan, they were preparing to make contact prints of the contour map. The letter pointed out that since the data was not in the public domain and Trustees would not release the right to publication until students who were working on the data compiled and published their dissertations, "we would require your agreement that any photo-copied records or computer tapes you receive would be for your sole use and would not be reproduced for others." Thompson agreed. The parties agreed that the photos sent to Thompson were merely an index to the tapes of the survey. On April 1, 1986, Dr. Ryan wrote Thompson that the photos had been sent that he could provide the tapes at a cost of $1,732.00. In that letter, Dr. Ryan

set out the exact language as that set out in the above letter from the Division Administrator of March 19, 1986, prohibiting reproduction. Thompson paid the $250.00 and declined to obtain the tapes.

Trustees now contend that plaintiff used the information in the photos which they furnished Thompson in his efforts to locate the Central America and therefore they are entitled to share in any recovery plaintiff may make. Trustees agree that if plaintiff did not use the information which Dr. Ryan sent to Thompson, then they have no claim and are not entitled to any portion of a recovery by plaintiff. The claim of John and Grimm is grounded in the same contention that plaintiff made use of information from the Santa Fe survey which Ryan sent to him.

Plaintiff asserts that Trustees and John and Grimm have no claim, and are not entitled to any portion of any recovery made by it.

First, as to Trustees, plaintiff says the photos sent by Dr. Ryan to Thompson were of no value to Thompson or plaintiff, and were not used by Thompson or plaintiff in the search for and location of the Central America. Further, plaintiff says that Trustees had no saleable or otherwise valuable property interest in the information from the survey and that their only interest was the right to publish it after one year from the date of the contract. Plaintiff asserts that Trustees contracted to make the survey for Santa Fe and furnish Santa Fe a report and that they were paid in full the market price for the work and the survey was the property of Santa Fe. Further, plaintiff asserts that Thompson paid the requested fee for the photographs, and that they were furnished with no restriction except that they would not be "reproduced for others."

It is asking too much to believe that if Thompson had a likely target of the Central America and he could ob-

tain the details of the location for $1,750.00, that he would not pay that sum rather than be confronted with searching in the dark for it at a cost of $20,000.00 per day, the daily cost to operate the search vessel.

As to the claim of John and Grimm, their claim will also fail unless it is shown plaintiff used the information from the survey. Too, since Trustees reserved the right to publish this information after one year from the date of the termination of the contract, i.e., one year from September 20, 1984, and the information was not furnished until March 1986, plaintiff says John and Grimm's claim must fail. Neither John nor Grimm assert they had any contact with plaintiff or Thompson relative to the survey or a request for information, nor do they or Trustees contend there was any contractual arrangements with Thompson or plaintiff other than the restriction in the letter for reproducing the photos.

Trustees make much of the contention that they thought they were furnishing the information to Battelle Laboratories, where Thompson worked; that it was the custom for laboratories to share data; and he (Ryan) thought he was furnishing the information to the Battelle Laboratory for its study and use. In fact, Dr. Ryan stated under oath that on or about April 1986, Columbia sent copies of the sonar imagery including the imagery of the Central America wreck site to "Battelle Columbus Labortory upon Thompson's representation that said material was for its sole use and would not be produced for others." (Tr., p. 1458) He admitted on the witness stand that the information—photos—were not sent to Battelle Laboratories, but were sent to Thompson personally at Thompson's home for his sole personal use and that they were paid for by Thompson personally and he was in error when he made the statement under oath as set out above. Not only did he admit it, but the exhibits fully show this to be a fact.

Trustees now make the contention that the survey of 1984 showed a target of the Central America, and that it was of great value to plaintiff, for which they are entitled to share in any recovery made by plaintiff. However, in Trustees' report to Santa Fe at the conclusion of the 1984 survey, reference was made to one object which the report said was a good candidate as a target for the Central America.

First, Trustees, and John and Grimm, must show that plaintiff made use of the information. They admit that if plaintiff did not use it, they have no claim. Even if they prove plaintiff did use the information, they must show that the target was the Central America or that the information lead to or assisted in locating the Central America. They have not proved either of these contentions, nor offered any credible evidence to establish such facts, and unless the Court is to indulge in speculation, conjecture, supposition or guess, there is no credible evidence in the record to establish either of these as a fact. Thompson stated clearly and without reservation that no use was made of the information furnished and there is no credible evidence in the record to suggest otherwise. The Court accepts the testimony of Thompson as an established fact. A consideration of all of the evidence supports this finding. The uncontradicted testimony establishes that commencing in 1986, and through 1987, plaintiff located several targets which might be the Central America. One in particular was an excellent candidate. A second target was located which was a spendid candidate. In 1987, they were of the opinion the second target was a prime candidate. An injunction was obtained. Upon return to sea in 1988, after further review of the sonar targets, plaintiff decided the "excellent candidate" was the target to pursue. Plaintiff decided to return to the target located in 1986 and do further investigation. They discovered side wheels, and then located the bell, which convinced plaintiff it had located the

Central America. After recovery of other items, it applied to the Court for an enlargement of the injunction box.

Plaintiff argues that neither Santa Fe nor Trustees had any faith in the fact any target it located was likely the Central America. Neither Santa Fe nor Trustees sought to pursue their targets further. Santa Fe had three representatives aboard the ship during the survey. They had authority to require the ship to make a more thorough investigation of any target. It is difficult to believe that if the target set off such a "hissing" sound, as Dr. Ryan says it did, that a more thorough investigation was not then immediately done. The cost of the survey was some $300,000.00. To assemble another survey to check out the target would have been expensive. While John may have thereafter contemplated further surveys and investigation, neither John nor Trustees went back to that target or, if they did, they have failed to say so.

It seems even more unusual that in 1987, when the Court enjoined Boston Salvage, Law, Trustees and Liberty Star from attempting to interfere with plaintiff's exploration within the area defined in the injunction order, Trustees made no contention it had furnished the information of a likely target to Thompson. Moreover, even though Trustees and the others were enjoined from searching in the area of the injunction box, they were not enjoined from searching elsewhere, and inasmuch as they were not enjoined from searching elsewhere, and even though they contend the target shown in the Santa Fe survey was the Central America, and it was not within the injunction box of the 1987 Order, they at that time did not further investigate the Santa Fe survey target.

It is not expected that a lay person could have examined the information furnished by Trustees to Thompson and been able to make heads or tails out of it. Nor

should or could it be expected that a person with expertise could have examined the photographs furnished, without more, and have been able to go to the location of the object. Thompson testified that some of the arrows which were supposed to identify objects appeared to be only dust spots, and other little blimps were difficult to characterize; that they did not have dimensions on them and there was not enough information to affect his interest one way or another; that when he saw the information, he decided it was of no value and getting the digital data would be of no assistance or value.

The testimony of expert Bishop—one extremely qualified in dealing with sonar and sonar maps—reviewed the charts from the 1984 Santa Fe survey. He did so for Captain Searle who was trying to set up an expedition with John relative to a search for the Central America. He was of the opinion target 4 (the one Dr. Ryan says fit the description of the Central America) was not even a likely target. He picked out target number 3 as a possible candidate. Captain Searle is a retired Navy Captain, an ocean explorer and had served most of his 28 years in salvage, five years of which he served as Navy's Chief Salvage Officer. He was employed by Santa Fe to evaluate the Santa Fe survey of 1984. He visited Dr. Ryan in February 1986, and wrote a memo of his conversation with Dr. Ryan, from which he testified. On the visit, Dr. Ryan showed him the data package of the 1984 survey and what had been found. He said Dr. Ryan indicated there hadn't been any contacts found as a consequence of the survey, and that he specifically asked him "if they found anything worthy of going back and going over it again or taking photographs, and he said, no, they hadn't and he specifically said they had photographic equipment on board and they hadn't gotten it wet." (Searle Dep. p. 11) His opinion confirms Thompson's decision that the information furnished by Trustees was of no use or value. In fact, as Dr. Ryan said, the

photos were only an index, but even assuming one could locate objects shown, it would make no difference here, for Thompson said that when he looked at the materials furnished, he determined they were of no value, and he made no use of the information.

Trustees, and John and Grimm, have failed to establish their claim or any right to share in any recovery by plaintiff or of Thompson. First, they have failed to establish (1) that they furnished information that assisted or could have assisted in the location of the Central America; (2) that plaintiff and/or Thompson used any information furnished; (3) even if the information was of value and was used, that any such use would entitle them to share in any recovery. Their claims are therefore DISMISSED.

V.

This action has been pending since May of 1987. Plaintiff has, by action in this Court, enjoined and fought off two separate groups who sought to interfere with their efforts to recover and reduce to its possession the remains of the Central America and its cargo. By direction of Order of this Court of July 7, 1987, notice was timely given in this action to anyone claiming any interest or right to appear and assert such right or claim. By findings of fact filed June 30, 1989, the Court found that when the Central America was located by the plaintiff, it was in international waters, and in an abandoned and derelict condition; that plaintiff had exercised dominion and control over the wreck and reduced it to its possession; that it was in the process of recovering the artifacts and things of value; and that it was entitled to possession and full and exclusive ownership thereof.

On September 29, 1989, the Atlantic Mutual Insurance Company and some 37 other insurance companies appeared and, by leave of Court, filed their claims to all items of gold recovered from the Central America. They asserted

that they had insured the commercial shipments of gold carried aboard the Central America, had paid the shippers for their loss, and were subrogated to the rights of the shippers. The insurance companies assert that it was common knowledge that regular shipments of gold were made from California to New York by way of Panana; that such shipments were insured; that some of the shippers advertised that their shipments were insured; and that there is ample evidence in the record to establish that commercial shipments were often, if not generally, covered by insurance. Reports of the sinking of the Central America from numerous newspaper accounts set forth that some shipments of gold aboard the Central America were insured and that some insurance companies paid certain of the losses. Insurance Companies rely solely upon the newspaper accounts for evidence that they were insurers, the name of the Insured, the amount of insurance, the value of the shipment, whether a claim was made, what sum was supposedly paid, and to whom. They well must rely on the newspaper articles for they have no copies of any insurance policies, invoices for shipments, proof of loss, amounts paid or other records. Without the newspaper accounts, the evidence is totally insufficient to establish any claim of the insurance companies.

Plaintiff asserts that newspaper accounts and other evidence shows that only a portion of the commercial gold aboard the Central America was insured; that considerable amounts of gold were carried by passengers, some of which was deposited with the Purser and some kept on their person or with their baggage and personal effects; and that the record of deposits with the Purser went down with the ship.

Insurers contend that they insured and paid for loss of $1,219,189.00, and that of this sum the London insurance companies paid $766,666.00 and the American companies paid $452.523.00. They further assert that according to the New York Times of Monday, October 5, 1857, the

"Sonora" (a passenger ship operating on the West Coast) carried pasengers and shipments of gold from San Francisco to Panama of $1,595,497.13, and that $271,000.00 of this amount was shipped by West India mail steamer from Aspenwald [*sic*] direct to England, "leaving a balance of $1,324,497.13 in treasure probably lost on board the Central America." (Ap. III Claimants' Post Argument Memorandum) However, plaintiff points out that other articles of the newspapers reported that a shipment of some $400,000.00 was off-loaded at Havana, and numerous of the reports stated the gold aboard the Central America exceeded $2,000,000.00. To say that there are numerous conflicts in the newspaper accounts and reports is conservative.

A.

First, the Court must consider whether the newspaper accounts are subject to the hearsay objection raised at trial.

Rule 802 of the Federal Rules of Evidence provides:

> Hearsay is not admissible except as provided by these rules or by other rules prescribed by the Supreme Court pursuant to statutory authority or by act of Congress.

Rule 803 of said rules provides:

> That the following are not excluded by the hearsay rule
>
> (16) Statements in ancient documents. Statements in a document in existence twenty years or more the authenticity of which is established.

In a discussion of the admissibility of hearsay, we begin with the established principle that cross-examination is of vital importance in establishing the value and trustworthiness of such evidence. The requirement the witness be sworn, testify in the presence and hearing of the trier and be subject to cross examination is lost in most instances of hearsay. The restriction in the admissibility of

ancient documents is "the authenticity of which is established." The purpose of the admission and exactly what is sought to be established by the item will often determine its admissibility. For instance, in *Dallas County v. Commercial Union Assurance Co.*, 286 F.2d 388 (5th Cir. 1961), a 58 year old newspaper story was admitted to prove the occurrence of a fire in a public building. However, the same Court in *Poretto v. United States*, 196 F.2d 392, 395 (5th Cir.1952) ruled that newspaper articles are not admissible to prove facts stated therein. In *Montana Power Co. v. Federal Power Commission*, 185 F.2d 491 (D.C.Cir.1950), *cert. denied*, 340 U.S. 947, 71 S.Ct. 532, 95 L.Ed. 683, old newspaper accounts on the question of navigability of the Mississippi River during the 19th century were admitted to prove navigability at that earlier date. The question often arises as to whether assertive statements in the article are admissible. In *Wathen v. United States*, 527 F.2d 1191, 1199 (Ct.Cl.1975), the Court in considering a newspaper account of a shooting, held it hearsay, but said "that insofar as they reported the fact of the shooting, resulting in death observed by witnesses, they provided reliable and substantial evidence."

In 55 ALR3d 663, a number of cases are collected dealing with the admissibility of newspaper articles in evidence. From a consideration of the cases there cited, and the case law generally as they apply the rule, the consensus of opinion seems to be that the articles are admissible for specific purposes, such as to prove the time, place and happening of the event and general information of it. There are some restrictions on the admissibility of such articles to prove the truth of certain statements or the truth of their content. Matters of public interest, where the facts are generally known throughout the community or nation, reported in numerous newspapers and re-reported over a period of time may be a much better account of the truth than what an eye witness may remember years after the event.

Even if there be restrictions on the use of newspaper articles that are admitted in evidence, where they deal with such an event as the sinking of the Central America, they are admissible as an ancient document. The weight to be given the articles is to be determined from all of the facts and circumstances in the case, giving consideration to what is sought to be proven by the articles. That is, where the articles meet the ancient document rule, they are generally admissible and any further question usually goes to the weight of the evidence. *United States v. Koziy*, 728 F.2d 1314 (11th Cir.1984), *cert. denied*, 469 U.S. 835, 105 S.Ct. 130, 83 L.Ed.2d 70 (1984). *See also Ellis v. International Playtex, Inc.*, 745 F.2d 292 (4th Cir.1984).

B.

Before dealing with some of the issues raised by each of the parties, the Court should deal with the issue of whether the location of the Central America and the items removed from it are a find or whether the result of the labors of the plaintiff are salvage. The parties agree that as between plaintiff and the insurance company the issue is whether under the facts of this case the ship and its cargo were abandoned. If it had been abandoned, then insurance claimants have no right to any part of any recovery.

There can be no doubt of the fact that the Central America was lost and its location not known.[5] Until located by plaintiff, no one claimed to have seen anything to resemble it after September 1857, the time of its sinking. Nor has anyone (other than plaintiff) come forward with information or a map of its location. For a number of years before it was located by plaintiff, many had done studies, research and attempted to locate it with the idea and purpose of reaping the reward of such a recovery.

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[5] Claimants cannot suggest the vessel was not lost, for they have sought throughout this proceeding to compel the plaintiff to reveal the exact location of the wreck and how they located it.

There were many newspaper articles written about the sinking back in 1857. Beyond these, information was scarce. To assemble the necessary information and equipment to attempt a search for the Central America required the expenditure of many hours of research and study. It was not a job or undertaking for a person of only ordinary skill. It required expertise in many fields and the assembling of numerous types of experts. Mr. Thompson said he did research on the Central America for some thirteen years. Research for this, and other sunken vessels, had previously been undertaken and proven costly and without success. Unusual knowledge of the Atlantic Ocean and of such an undertaking was a requirement. Any degree of success hinged on many contingencies such as equipment, personnel, weather, timing, condition and depth of the water, financing, ability of equipment to perform, and so on. Attempting recovery from water of such depth was new. So far as shown by the evidence, no one had ever before sought to search for and recover a wooden ship in such depth of water. Nor did anyone have much knowledge or information of what effect the water, tides, currents and other things would have done to a wooden vessel sunk some 132 years before. What would one really expect to see and find in such a search?

As shown above, "abandonment" includes both the intention and the external act by which the intention is carried into effect. Intention often may and must be inferred from acts or failure to act. "Whether a sunken wreck has been abandoned is a question of fact." *Bunge, supra.* What one says or does, or fails to say or do, often esablishes intention. Clearly, it can and most often must, be proved by circumstantial evidence.

Some 39 insurance companies attempt to assert the rights of ownership to the cargo of gold aboard the Central America. That number was later reduced to some eleven and the Salvage Association which attempt to assert the claim of two companies that no longer exist. The same

is true of the Superintendent of Insurance for the State of New York who attempts to assert a claim on two defunct companies. As shown by the chart submitted by the insurance companies, only one of the companies in America has a claim for as much as $150,000.00. The next highest is $98,356.00 and two of them have claims for only $31,250.00. The division among the London companies was somewhat different.

The evidence establishes that in 1858, Atlantic Mutual Insurance Company, the American company with the largest claim, and Sun Mutual Insurance Company, whose claim was $79,169.00, entered into a salvage contract with Brutus Villeroi dated July 28, 1858, for an attempted salvage of the gold from the Central America. The undertaking was to be by means of Villeroi's invention of a submarine boat at his own expense. The agreement provided the insurance companies would advance no funds, and under no circumstances were insurance companies to incur any expense or liability in connection with the attempted salvage. Nothing ever came of that undertaking. The record is totally void of any effort or activity on the part of any of the insurance companies to attempt to locate or recover the Central America. In fact, until 1979, there is no evidence of any contract between insurance companies and anyone relating to any interest in or any attempt to locate or recover the Central America. That contract is hereafter referred to. Insurance companies rely solely on the newspaper articles for the amount of insurance coverage, claims presented and payments made. Those articles indicate that the insurance companies stated they would pay the amounts of insurance due upon presentation of proper proof. The evidence established that the ordinary commercial transaction consisted of four documents which represent and take the place of the goods themselves in the financing of the transaction in past, current and all the markets of the world. They are (1) the invoice, the merchant's bill for the goods, (2) the Bill of Lading, the

carrier's receipt for the goods, (3) Draft or Bill of Exchange, the merchant's payment, and (4) Insurance Certificate, the document of guarantee. The Bill of Lading describes the package, not the contents. The expert witness explained the transaction by saying the merchant takes his invoice, obtains the Bill of Lading and insurance certificate, draws a draft on the purchaser, encloses the draft with the other three documents attached and presents this to his banker who puts the draft in process of collection. Hence, the proper proof required by an underwriter are the original bill of lading, the invoice, packing list if there was one, the insurance policy (or knowledge of its existence), and proof the goods were actually on board at time of sinking.

In this case, the insurance carriers have not been able to present an invoice, bill of lading, packing list, insurance certificate, statement from shipper that the goods were on board at time of sinking, cancelled checks or receipts showing payment of the claims or any other substantial documents or proof of their claims. Inasmuch as the news articles reported the insurance carriers had said they would pay the losses upon presentation of proper proof, and later news articles say claims were paid, it can be assumed the aforesaid documents or sufficient ones were obtained and presented. There were reports documents came by later shipments and that others were obtained from California, the point of origin for the lost shipment of gold.

The insurance carriers destroyed their records relating to the events of the Central America. Exactly when is not shown, but evidence establishes it was their custom to keep records for some five year periods, and thereafter destroy them. However, one expert on marine insurance testified that if a company intended to assert its right to subrogation, it always maintained its documents of proof of the claim and that it had paid the claim, and the fact it

disposed of such documents was an indication it abandoned its claim. It is difficult to believe that a company claiming an asset or property worth $150,000.00 in the 1800's or even early 1900's would destroy all evidence of its claim if it had any intention to pursue it, or any hope of recovery. How could one better demonstrate their intention to abandon a claim to or interest in property than to intentionally destroy every evidence of its claim, right or title thereto. It seems more than unusual that some eleven or more companies who have proof of what they say is an asset—or claim—and which they say they never abandoned, each destroyed all documents which established their right to the claim. None say they accidentally destroyed or lost the documents. They deliberately destroyed every document that would in anyway show they had an interest in such a claim and had any intention to pursue it. Why? Their actions speak clearly. They had no hope or idea they could locate the Central America, and even if they located it, they had no hope they could recover anything from it. They destroyed the documents and intended thereby to abandon any claim they might have. Such action was guided by the decision that location of the wreck was next to impossible; but, even if located, recovering it was beyond the ability of any known means. Not only was this true in 1857, and five years thereafter, but continued to be true for some one hundred years thereafter. But even after scientific means of locating ship wrecks and possible recovery in deep water became known some twenty or more years prior to the actions of the plaintiff in this case, still not one of the insurance companies undertook to locate or recover the Central America. The inaction did not stop there. The record is void of any evidence that even up to this day any one of the insurance companies ever sought to locate or have a discovery company or group undertake to locate and recover the Central America. Even in 1979 when a group was discussing or planning a search for the Central America, there is no

evidence any one of the insurance companies offered to join or assist them. The same continued through 1987 when Boston and Law undertook to have INA become a party to a search. Even the Salvage Association has offered no evidence of any action on its part to locate and find the Central America. This is true to this date even though there is substantial evidence that means of locating and recoverying wrecks in deep water has been in use for more than twenty years. Even so, not one of the insurance companies have even sought to contact any company or group with the idea of searching for or locating the Central America. The Salvage Association in London asserts it has been in existence for more than a hundred years for the purpose of salvaging shipwrecks, yet it has never undertaken to locate or recover the Central America, or have someone do so. Nor is there evidence any of the insurance companies or the Salvage Association ever made any inquiry of the availability of means or equipment to locate the Central America or undertake a recovery of it.

Even so, insurance companies now assert they never abandoned or ever intended to abandon their claim to the gold aboard the Central America. They ground their position in the contention they never signed any document so stating, never made any public announcement of abandonment and have always claimed to own the gold. But their actions—and failure of actions—speak louder than words. Only once—and that was less than a year after the loss—did they even evidence any interest in an attempted recovery, and even then refused to offer financial or any other type of assistance to that recovery group. When is not known, but they deliberately destroyed all documents that would establish they had any interest in the cargo—even failing to retain a cancelled check or receipt for payment. The destruction of their records confirms the fact they abandoned any intention to retain any interest in the gold. The insurers own evidence indicates they always

retain documents as long as they believe they have an interest in any subrogated items. If there had been any intention not to abandon any thought or hope of recovery, it would seem that at least one of the insurers would have kept its records of their loss. However, the evidence establishes they did keep some records of their company for more than 100 years, but not of any claim to the Central America.

The Salvage Company attempts to assert a claim on behalf of two defunct companies, as does the Superintendent of Insurance of the State of New York. However, neither of them assert that at the time each of those companies failed or ceased business, there was listed as an asset or claim any right of subrogation to an interest in the cargo of gold abroad the Central America. Why? They had no such claim. Any claim they may have ever had was previously abandoned. If it had not been previously abandoned, it surely was at that time.

In the past ten years, several groups were making a search for the lost Central America. Considerable publicity was given to these searches. Even after much publicity was given to the plaintiff's location and commencement of recovery from the Central America, not until September 1989 did insurers attempt to assert a claim.

While time alone may not be sufficient to establish abandonment, it is an element to be considered and when considered with all of the other evidence, it has convincing power. Once the insurance companies abandoned the Ceneral America, whether it was because of lack of means or lack of hope for recovery, the abandonment was final. Merely because means are thereafter found to locate and recover it does not reinvest ownership in them. To now suggest that in 1859 or anytime up until World War II, that an insurance executive had any intention of claiming gold located one and one-half miles below the surface of the sea, and any hope of being able to locate such an

object and recover it, by saying it was property of his insurance company is stretching common sense too far. Here, the Court is asked to assume this when that very insurance executive destroyed every evidence which his company had to such a claim. It is exceedingly doubtful that any of the now claiming insurance executives had any knowledge that their company ever had such a claim until commencement of this action. If they had such knowledge, they never gave any indication such a claim was viable and had not been abandoned. If there is any executive, or anyone with any of insurer claimants, who ever heard his predecessor of the company indicate the company had a claim to any of the gold on board the Central America, he has not come forward with it. It is easy for present day persons to assert they did not and would not abandon a claim to gold in a shipwreck, knowing now the modern means for recovery—but they have not, and could not, say what their predecessors did or intended. Again, the actions—and failure to act—speak loudly.

During much of the middle and late 1800's and early 1900's, capital assets of corporations were assessed for taxes. That is, each item of real and personal property was to be valued. Hence, any personal property, gold, silver and so forth had to be reported. *See Jenkins v. Neff*, 163 N.Y. 320, 57 N.E. 408 (1900); *People v. Barker*, 144 N.Y. 94, 39 N.E. 13 (1894). Many states had similar laws. There is no suggestion that any one of the insurance companies ever listed as an asset, or as its property, any of the gold or a subrogation claim to any such gold.

In 1979, one Norman Scott of Expeditions Unlimited had some contacts with counsel for INA relative to an expedition to attempt to locate and recover items from the Central America. In a letter of April 16, 1980, Scott asserted that a group from Orlando, Florida had funded an attempt to locate the Central America. He said they had found a ship which might well be the Central Amer-

ica and they had returned to the site three or four times in attempts to make such determination, but attempts had not established it was or was not the Central America. He points out that if the ship is in two to three thousand feet of water, the cost of recovery will exceed one million dollars. He suggested that if private funding did not come forward, the insurance companies should contribute to the cost of the search. Nothing further seems to have come of that discussion, nor is there any evidence the insurance companies showed or took any interest in the undertaking. By letter of November 4, 1987, counsel for S.S. George Law Limited Partnership and Boston Salvage Consultants, Inc. sought the cooperation and assistance of INA in an effort to locate and recover the Central America. Attached to that letter was a requested sale and transfer by INA to Law and Boston of any rights which INA had in the Central America for the consideration of 2% of the net proceeds from any recovery of the Central America. The project was not to cost INA anything. The assignment said the Central America was lying 200 miles off the coast of Georgia. The letter set forth that Law and Boston wanted the assignment because they thought it was in their interest to appear in an action pending in Norfolk, Virginia, (which was this suit), as a claimant of the vessel and cargo. INA did not sign the document. However, Law and Boston did appear in this litigation in 1987, to oppose plaintiff's application for the injunction. Thereafter, they dismissed their claim. Hence, as early as July 1987, INA knew there was litigation relative to the Central America and possible claims, yet neither it nor any of the other insurance companies appeared or sought to assert any right, title or interest in the Central America.

Insurers, on one hand, assert they were subrogated to the title and ownership of all of the gold aboard the Central America. On the other hand, they admit there were persons aboard who were carrying substantial amounts of gold with them which was not insured. Hence, even if

insurers did not abandon their claim or title to the insured gold, and were fully subrogated to the rights of the shippers, they have no standing to claim all of the gold aboard. Numerous news reports gave the names of individuals aboard who were carrying substantial quantities of gold. One of the experts testified that between three hundred thousand and a million dollars was carried by passengers; that small amounts were carried on the person [6], larger amounts carried in carpet bags, large bags and trunks, and some individuals deposited their gold with the Purser. Too, the expert testified one commercial shipper did not insure his gold. The expert for the insurance companies also testified that reports of personal gold were as high as $400,000.00. He likewise confirmed much of the testimony of the plaintiff's expert.

Clearly, there were substantial sums of gold aboard the Central America other than the sums covered by insurance. Accounts fix the quantity of gold on board and going down with the ship as between one million, six hundred thousand up to two million dollars. Insurers do not contend they insured such a quantity and now agree that they did not insure all of the gold aboard.

The news accounts list Lloyd's of London as one of the insurers. It is made up of in excess of one thousand individuals. None of them has appeared to assert a claim. Too, some of the insurance companies have ceased to exist. The Salvage Company asserts it is the successor to those from London, but there is no proper document assigning any such claim. Even if the insurance companies did not abandon their claims, they would not be entitled to the total gold recovered. Too, there is no credible record of the exact composition of each shipment, whether bars, coin, dust or otherwise. More than likely, there will be no recovery of any gold dust.

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[6] There were one or two newspaper accounts of passengers carrying from two to ten thousand dollars in money belts, and one had 20 thousand in a carpet bag.

Insurers say that insurance companies do not abandon cargo worth $150,000.00. It is true that few companies or individuals would abandon claims for such a sum, if there was any hope or likelihood of locating and recovering such cargo. Equally as true is the fact that if the company ever had any intention or hope of asserting or pursuing a claim to such cargo, it would certainly not have destroyed all evidence of its claim or right thereof. However, where the whereabouts of the property is unknown, and there is no known way to locate or reach it or if the cost of attempted recovery exceeds the value, the situation changes. The attitude and intentions of business people are expected to be, and generally are, rational. They don't hold on to a claim when it is impossible to recover it or where it has no value. A clear intention of abandonment is given when all records or memorandum of the property are deliberately destroyed and no effort is made or undertaken to locate or recover the property for over a hundred years.

Considering all of the facts and circumstances in the case, the Court is satisfied that plaintiff has carried its burden of establishing by clear and convincing evidence that each of the insurance companies long ago abandoned any claim, right, title or interest that they may have had in the gold aboard the Central America. They therefore have no claim to any of the gold recovered from the Central America. Accordingly, the claims of the insurance companies and the claims of Trustees and John and Grimm are DISMISSED. Plaintiff is entitled to and is vested with the ownership to all of the gold or other artifacts recovered from the Central America.

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APPENDIX—A

The CIGNA Group;

Commercial Union Assurance Co., Ltd.;

Commercial Union Insurance Company;

William H. McGee & Co., Inc.;

Royal Insurance;

The Royal Insurance Company, Ltd.;

The Royal Insurance Company of America;

Chubb & Son, Inc.;

Sun Alliance Group;

GRE of America Corp.;

The Guardian Royal Exchange;

Indemnity Mutual Marine Assurance Company;

Sun Insurance Company of New York;

Sun Insurance Office, Ltd.;

London Associated Corporation;

The Royal Marine;

Royal Associated Corporation;

Indemnity Mutual;

Royal Exchange & London Offices;

Indemnity Marine;

Underwriters at Lloyd's;

Union Bank of London;

Commonwealth Fire Insurance Co.;

The remaining claimants are:

Atlantic Mutual Insurance Company;

Insurance Company of North America;

The Salvage Association;

The London Assurance;

Alliance Assurance Company, Ltd.;

The Royal Exchange Assurance;

Indemnity Marine Assurance Company, Ltd.;

The Marine Insurance Co., Ltd.; and

The Superintendent of Insurance of the State of New York.

APPENDIX C

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

No. 90-2730
CA-87-363-N

COLUMBUS-AMERICA DISCOVERY GROUP,
Plaintiff-Appellee,

and

TRUSTEES OF COLUMBIA UNIVERSITY IN THE CITY OF NEW YORK; HARRY G. JOHN; JACK F. GRIMM,
Plaintiffs,

v.

ATLANTIC MUTUAL INSURANCE COMPANY; INSURANCE COMPANY OF NORTH AMERICA; SALVAGE ASSOCIATION; LONDON ASSURANCE; ALLIANCE ASSURANCE COMPANY, LTD.; ROYAL EXCHANGE ASSURANCE; INDEMNITY MARINE ASSURANCE COMPANY, LTD.; MARINE INSURANCE COMPANY, LTD.; SUPERINTENDENT OF INSURANCE OF THE STATE OF NEW YORK,
Claimants-Appellants,

and

THE UNIDENTIFIED WRECKED AND ABANDONED SAILING VESSEL, its engines, tackle, apparel, appurtenances, cargo, etc., located within a box defined by the following coordinates: Northern Boundary—31 degrees 37 minutes North Latitude; Southern Boundary—31 degrees 33 minutes North Latitude; Western Boundary —77 degrees 2 minutes West Longitude; Eastern Boundary—76 degrees 57 minutes West Longitude, (believed to be in the S.S. Central America), *in rem,*
Defendant,

CIGNA GROUP, COMMERCIAL UNION ASSURANCE COMPANY, LTD.; COMMERCIAL UNION INSURANCE COMPANY; WILLIAM H. MCGEE & COMPANY, INCORPORATED; ROYAL INSURANCE; ROYAL INSURANCE COMPANY, LTD.; ROYAL INSURANCE COMPANY OF AMERICA; CHUBB & SON, INCORPORATED; SUN ALLIANCE GROUP; UNDERWRITERS AT LLOYD'S; GRE OF AMERICA CORPORATION; GUARDIAN ROYAL EXCHANGE; INDEMNITY MUTUAL MARINE ASSURANCE COMPANY; SUN INSURANCE COMPANY OF NEW YORK; SUN INSURANCE OFFICE, LTD.; GREAT WESTERN INSURANCE COMPANY; SUN MUTUAL INSURANCE COMPANY; UNION MUTUAL INSURANCE COMPANY; ORIENTAL MUTUAL INSURANCE COMPANY; COMMERCIAL MUTUAL INSURANCE COMPANY; MERCANTILE MUTUAL INSURANCE COMPANY; NEW YORK MUTUAL INSURANCE COMPANY; PACIFIC MUTUAL INSURANCE COMPANY; INDEMNITY MARINE; LONDON ASSOCIATED CORPORATION; ROYAL ASSOCIATED CORPORATION; ROYAL MARINE; INDEMNITY MUTUAL; ROYAL EXCHANGE & LONDON OFFICES; UNION BANK OF LONDON; COMMONWEALTH FIRE INSURANCE COMPANY; DENNIS STANDEFER; THE R/V LIBERTY STAR, her master, officers, crew and all persons aboard; BOARD OF TRUSTEES OF COLUMBIA UNIVERSITY; LAMONT-DOHERTY GEOLOGICAL INSTITUTE; S. S. GEORGE LAW PARTNERSHIP; BOSTON SALVAGE CONSULTANTS, INC.,

Claimants.

AMERICAN INSTITUTE OF MARINE UNDERWRITERS; THE BOARD OF UNDERWRITERS OF NEW YORK,

Amici Curiae.

No. 90-2731
CA-89-626-N

HARRY G. JOHN; JACK F. GRIMM,
Plaintiffs-Appellants,

COLUMBUS-AMERICA DISCOVERY GROUP,
Plaintiff-Appellee,
and

TRUSTEES OF COLUMBIA UNIVERSITY IN THE CITY OF NEW YORK,
Plaintiff,

ATLANTIC MUTUAL INSURANCE COMPANY; INSURANCE COMPANY OF NORTH AMERICA; SALVAGE ASSOCIATION; LONDON ASSURANCE; ALLIANCE ASSURANCE COMPANY, LTD.; ROYAL EXCHANGE ASSURANCE; INDEMNITY MARINE ASSURANCE COMPANY, LTD.; MARINE INSURANCE COMPANY, LTD.; SUPERINTENDENT OF INSURANCE OF THE STATE OF NEW YORK; CIGNA GROUP, COMMERCIAL UNION ASSURANCE COMPANY, LTD.; COMMERCIAL UNION INSURANCE COMPANY; WILLIAM H. MCGEE COMPANY, INCORPORATED; ROYAL INSURANCE; ROYAL INSURANCE COMPANY, LTD.; ROYAL INSURANCE COMPANY OF AMERICA; CHUBB & SON, INCORPORATED; SUN ALLIANCE GROUP; UNDERWRITERS AT LLOYD'S; GRE OF AMERICA CORPORATION; GUARDIAN ROYAL EXCHANGE; INDEMNITY MUTUAL MARINE ASSURANCE COMPANY; SUN INSURANCE COMPANY OF NEW YORK; SUN INSURANCE OFFICE, LTD.; GREAT WESTERN INSURANCE COMPANY; SUN MUTUAL INSURANCE COMPANY; UNION MUTUAL INSURANCE COMPANY; ORIENTAL MUTUAL INSURANCE COMPANY; COMMERCIAL MUTUAL INSURANCE COMPANY; MERCANTILE MUTUAL INSURANCE COMPANY; NEW YORK MUTUAL INSURANCE COMPANY; PACIFIC MUTUAL INSURANCE COMPANY; INDEMNITY MARINE; LONDON ASSOCIATED CORPORATION; ROYAL ASSOCIATED CORPORATION; ROYAL MARINE; INDEMNITY MUTUAL;

ROYAL EXCHANGE & LONDON OFFICES; UNION BANK OF LONDON; COMMONWEALTH FIRE INSURANCE COMPANY; DENNIS STANDEFER; THE R/V LIBERTY STAR, her master, officers, crew and all persons aboard; BOARD OF TRUSTEES OF COLUMBIA UNIVERSITY; LAMONT-DOHERTY GEOLOGICAL INSTITUTE; S. S. GEORGE LAW PARTNERSHIP; BOSTON SALVAGE CONSULTANTS, INC.,
Claimants,

v.

THE UNIDENTIFIED WRECKED AND ABANDONED SAILING VESSEL, its engines, tackle, apparel, appurtenances, cargo, etc., located within a box defined by the following coordinates: Northern Boundary—31 degrees 37 minutes North Latitude; Southern Boundary—31 degrees 33 minutes North Latitude; Western Boundary —77 degrees 2 minutes West Longitude; Eastern Boundary—76 degrees 57 minutes West Longitude, (believed to be in the S.S. Central America), *in rem,*
Defendant,

AMERICAN INSTITUTE OF MARINE UNDERWRITERS; THE BOARD OF UNDERWRITERS OF NEW YORK,
Amici Curiae.

No. 90-2732
CA-87-363-N

TRUSTEES OF COLUMBIA UNIVERSITY IN THE CITY OF NEW YORK,
Plaintiff-Appellant,

COLUMBUS-AMERICA DISCOVERY GROUP,
Plaintiff-Appellee,
and

HARRY G. JOHN; JACK F. GRIMM,
Plaintiffs,

ATLANTIC MUTUAL INSURANCE COMPANY; INSURANCE COMPANY OF NORTH AMERICA; SALVAGE ASSOCIATION; LONDON ASSURANCE; ALLIANCE ASSURANCE COMPANY, LTD.; ROYAL EXCHANGE ASSURANCE; INDEMNITY MARINE ASSURANCE COMPANY, LTD.; MARINE INSURANCE COMPANY, LTD.; SUPERINTENDENT OF INSURANCE OF THE STATE OF NEW YORK; CIGNA GROUP, COMMERCIAL UNION ASSURANCE COMPANY, LTD.; COMMERCIAL UNION INSURANCE COMPANY; WILLIAM H. MCGEE & COMPANY, INCORPORATED; ROYAL INSURANCE; ROYAL INSURANCE COMPANY, LTD.; ROYAL INSURANCE COMPANY OF AMERICA; CHUBB & SON, INCORPORATED; SUN ALLIANCE GROUP; UNDERWRITERS AT LLOYD'S; GRE OF AMERICA CORPORATION; GUARDIAN ROYAL EXCHANGE; INDEMNITY MUTUAL MARINE ASSURANCE COMPANY; SUN INSURANCE COMPANY OF NEW YORK; SUN INSURANCE OFFICE, LTD.; GREAT WESTERN INSURANCE COMPANY; SUN MUTUAL INSURANCE COMPANY; UNION MUTUAL INSURANCE COMPANY; ORIENTAL MUTUAL INSURANCE COMPANY; COMMERCIAL MUTUAL INSURANCE COMPANY; MERCANTILE MUTUAL INSURANCE COMPANY; NEW YORK MUTUAL INSURANCE COMPANY; PACIFIC MUTUAL INSURANCE COMPANY; INDEMNITY MARINE; LONDON ASSOCIATED CORPORATION; ROYAL ASSOCIATED CORPORATION; ROYAL MARINE; INDEMNITY MUTUAL; ROYAL EXCHANGE & LONDON OFFICES; UNION BANK OF LONDON; COMMONWEALTH FIRE INSURANCE COMPANY; DENNIS STANDEFER; THE R/V LIBERTY STAR, her master, officers, crew and all persons aboard; BOARD OF TRUSTEES OF COLUMBIA UNIVERSITY; LAMONT-DOHERTY GEOLOGICAL INSTITUTE; S. S. GEORGE LAW PARTNERSHIP; BOSTON SALVAGE CONSULTANTS, INC.,

Claimants,

v.

THE UNIDENTIFIED WRECKED AND ABANDONED SAILING VESSEL, its engines, tackle, apparel, appurtenances, cargo, etc., located within a box defined by the follow-

ing coordinates: Northern Boundary—31 degrees 37 minutes North Latitude; Southern Boundary—31 degrees 40 minutes North Latitude; Western Boundary —77 degrees 2 minutes West Longitude; Eastern Boundary—76 degrees 57 minutes west longitude, (believed to be in the S.S. Central America), *in rem*,
Defendant.

AMERICAN INSTITUTE OF MARINE UNDERWRITERS; THE BOARD OF UNDERWRITERS OF NEW YORK,
Amici Curiae.

[Filed October 15, 1992]

ON PETITION FOR REHEARING WITH SUGGESTION FOR REHEARING IN BANC

Appellee filed a petition for rehearing with suggestion for rehearing in banc and appellants filed answers to the petition. A member of the Court requested a poll on the suggestion for rehearing in banc, and a majority of the judges voted to deny rehearing in banc. Judges Widener, Hall, Sprouse, Murnaghan and Wilkins voted to rehear the case in banc, and Chief Judge Ervin, Judges Russell, Phillips, Niemeyer, Hamilton, Luttig and Williams voted against rehearing in banc. Judge Wilkinson disqualified himself from participation.

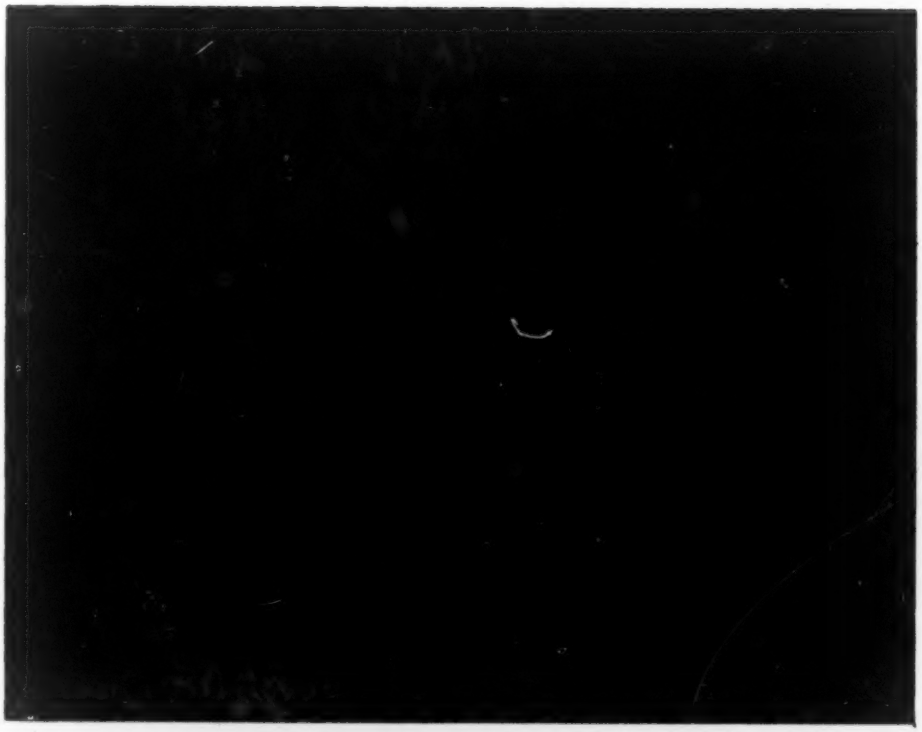
The original judicial panel voted to deny the petition for rehearing.

The Court denies the petition for rehearing with suggestion for rehearing in banc.

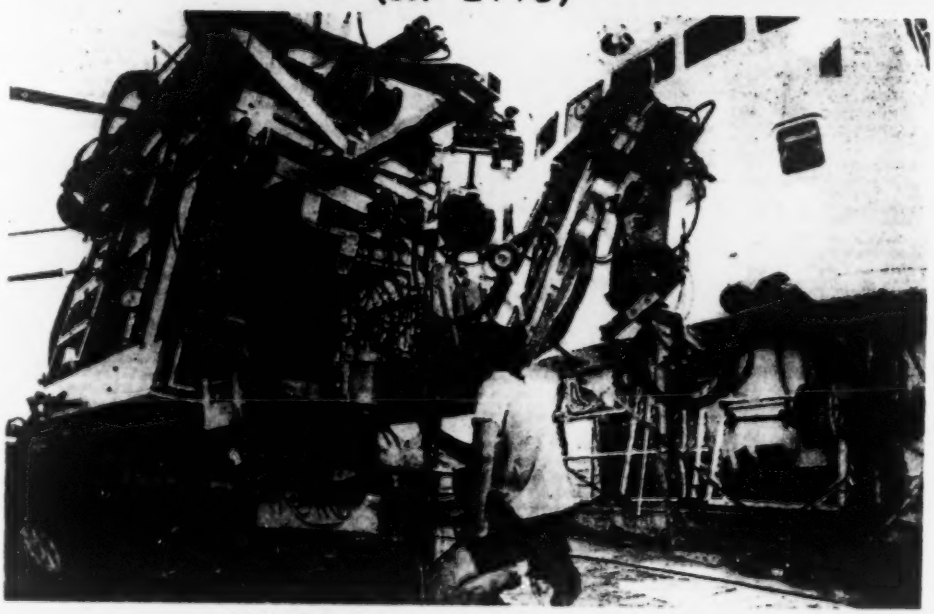
Entered at the direction of Judge Russell, with the concurrence of Judge Hall. Judge Widener dissents.

For the Court,

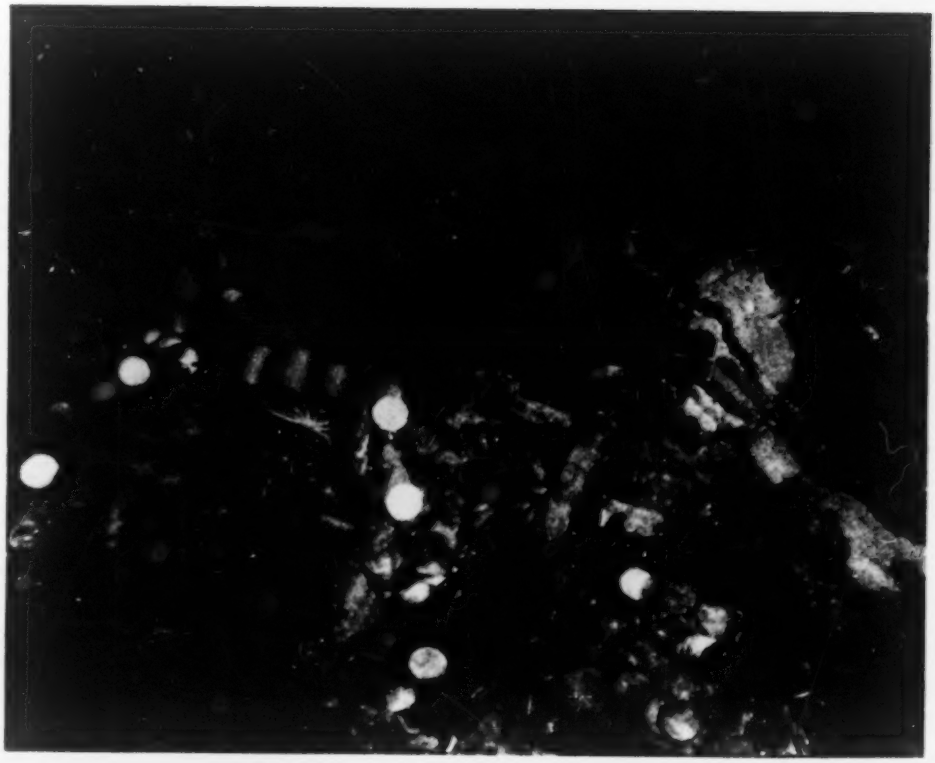
/s/ Bert M. Montague
Clerk



(R. 1773)



(4th Cir. J.A. 3108)



(4th Cir. J.A. 3059)